

BUPA CARE HOMES (CARRICK) LIMITED

(Registered No. SC151487)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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BUPA CARE HOMES (CARRICK) LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2008

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

1. Review of the business

Principal activity

The principal activities of the Company are the owning and operating of nursing and residential homes for the elderly.

Results and dividends

The profit for the year, after taxation, amounted to £2,031,000 (2007 – £2,210,000). The Company has net assets of £26,605,000 (2007 – £35,474,000).

An interim dividend of £59.60 per £1 share amounting to £9,000,000 was declared and paid during the year (2007 – £19.87 per £1 share amounting to £3,000,000). No final dividend was declared and paid (2007 – £nil).

Key performance indicators

We have made significant progress on the Company's overriding objectives and key elements to the strategy for growth. The board monitors progress on the overall strategy and the individual strategic elements by reference to the key performance indicators below.

	2008	2007	Analysis
Revenue (£'000)	19,543	18,736	Revenue has increased in the year due to the annual fee increase for each resident.
Operating profit (£'000)	2,727	2,773	Operating profit has decreased in the year due to higher staffing and administration costs partially offset by higher fees.
Occupancy percentage (%)	92.4	92.6	The strategy is to maximise and maintain occupancy. Occupancy percentage is in line with expectations.
Available beds	738	740	The strategy is to provide an enhanced environment for our residents.

Definitions and method of calculation

Occupancy percentage is defined as the total occupied beds divided by total available beds for the year.

Available beds are the number of beds available for occupation at the end of the year.

Development

Organic profit growth has been achieved through a combination of annual fee increases, maintaining occupancy and tight cost management. As a result the Company has made good financial progress during the year.

At the heart of the Company's approach to quality care is its commitment to treating each resident as an individual. Central to this philosophy is the use of tailored personal care plans that, alongside medical information, include information on each resident's interests, habits and preferred activities. The quality of care provision has been positively recognised by industry analysts Laing & Buisson using data provided by the care homes' regulator, the Commission for Social Care Inspection.

Future outlook

The long term growth in the older population and rising affluence continue to offer opportunities for investment in the sector. Current projections show a significant increase in the number of people over the age of 85. This will lead to an increase in the demand for high dependency care.

There is now significant pressure on funding in both the National Health Service (NHS) and local authorities following recent increases in public funding. Fee rate increases have been lower in the current year and we anticipate that in the short term there will be continued pressure on both the number of placements by commissioners and annual fee increases. The self pay market is an important part of the sector and with an increasingly wealthy elderly population the demand will continue to grow requiring quality facilities and services to meet increasing expectations.

BUPA CARE HOMES (CARRICK) LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 December 2008

1. Review of the business (continued)

Future outlook (continued)

There are a number of cost pressures facing the Company including the increasing national minimum wage, additional holiday entitlement for staff and growing catering costs. The Company will continue to negotiate for the best prices and seek to mitigate the cost wherever possible.

The Company will continue to maintain its existing focus on care home operations, resident satisfaction and staffing efficiencies and will further develop a clear leadership position in dementia care.

Principal risks and uncertainties

Both the Company's management and its strategy are subject to a number of risks and uncertainties. Management consider that the key risks and uncertainties arise as a result of challenges to occupancy both of privately funded residents and local authority commissioned placements and pressure on fees from the public sector. All these factors have been increased by the current economic conditions. In addition it is anticipated that there will be increasing legislation and regulation and increases in staff costs driven by employment legislation although there may be some reduction in competition for staff.

Further information relating to the Company, as applicable to the Bupa Group as a whole, is provided within the discussion of business risks and uncertainties section of the Group's annual report and accounts, which does not form part of this report.

2. Conversion to International Financial Reporting Standards

The ultimate parent undertaking, The British United Provident Association Limited (Bupa), has prepared Group accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

3. Directors

Details of the present directors and any other person who served as a director during the year and subsequently was as follows:

J P Davies	(resigned 23 May 2008)
M Ellerby	
N R Taylor	
N T Beazley	
F D Gregory	
M A Merchant	(appointed 23 May 2008)
S P Reiter	(appointed 1 January 2009)

4. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company.

5. Employees and remuneration

Details of the number of persons employed and gross remuneration are contained in note 3 to the financial statements.

Every effort is made by the directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

BUPA CARE HOMES (CARRICK) LIMITED

REPORT OF THE DIRECTORS

for the year ended 31 December 2008

5. Employees and remuneration (continued)

The Company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the Company, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

6. Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

7. Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office:
39 Victoria Road
Glasgow
G78 1NQ
Scotland

By Order of the Board



M. Ellerby
Director

13 March 2009

BUPA CARE HOMES (CARRICK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA CARE HOMES (CARRICK) LIMITED

We have audited the financial statements of BUPA Care Homes (Carrick) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

13 March 2009

1 The Embankment

Neville Street

Leeds LS1 4DW

BUPA CARE HOMES (CARRICK) LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	1	19,543	18,736
Operating expenses		<u>(16,816)</u>	<u>(15,963)</u>
Operating profit		2,727	2,773
Interest receivable and similar income	4	85	337
Interest payable and similar charges	5	<u>-</u>	<u>(24)</u>
Profit on ordinary activities before taxation	6	2,812	3,086
Tax on profit on ordinary activities	7	<u>(781)</u>	<u>(876)</u>
Profit for the financial year		<u>2,031</u>	<u>2,210</u>

The operating profit is all derived from continuing operations.

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation.

The accounting policies and notes on pages 9 to 15 form part of these financial statements.

BUPA CARE HOMES (CARRICK) LIMITED**BALANCE SHEET**
as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	40,326	42,509
Investments	10	<u>1</u>	<u>1</u>
		<u>40,327</u>	<u>42,510</u>
Current assets			
Debtors	11	-	116
Cash at bank and in hand		<u>-</u>	<u>3,173</u>
		-	3,289
Creditors: amounts falling due within one year	12	<u>(12,937)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(12,937)</u>	<u>3,289</u>
Total assets less current liabilities		27,390	45,799
Creditors: amounts falling due after more than one year	13	-	(9,543)
Provisions for liabilities and charges	14	<u>(785)</u>	<u>(782)</u>
Net assets		<u>26,605</u>	<u>35,474</u>
Capital and reserves			
Called up share capital	15	151	151
Revaluation reserve	16	23,559	25,459
Profit and loss account	16	<u>2,895</u>	<u>9,864</u>
Shareholders' funds		<u>26,605</u>	<u>35,474</u>

These financial statements were approved by the Board of Directors on 13 March 2009 and were signed on its behalf by:



N R Taylor
Director

The accounting policies and notes on pages 9 to 15 form part of these financial statements.

BUPA CARE HOMES (CARRICK) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

	2008	2007
	£'000	£'000
Profit for the financial year	2,031	2,210
Unrealised (loss)/gain on impairment and revaluation of properties	<u>(1,900)</u>	<u>2,407</u>
Total gains recognised since last annual report	<u>131</u>	<u>4,617</u>

BUPA CARE HOMES (CARRICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention as modified to include the revaluation of land and buildings and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking of Bupa, a company registered in England and Wales and which publishes consolidated accounts, the Company has, pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8), not included details of transactions with other companies which are subsidiary undertakings of the Bupa Group. There were no other related party transactions.

The Company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently, is set out below.

(b) Cash flow statement

Under Financial Reporting Standard No. 1: Cash Flow Statements (revised 1996) (FRS 1) the Company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of Bupa, a company that prepares a consolidated cash flow statement for the Bupa Group.

(c) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where applicable. All turnover arises within the United Kingdom.

(d) Fixed assets and depreciation

Freehold and leasehold properties are stated at current valuation. Other tangible assets are stated at cost. Land and buildings are valued by external valuers every three years. No depreciation is provided on freehold land and properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their useful economic lives, as follows:

Freehold buildings	- 50 years
Fixtures, fittings & equipment	- 3 to 50 years

(e) Taxation including deferred taxation

The charge for taxation is based on the result for the period and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

BUPA CARE HOMES (CARRICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(e) Taxation including deferred taxation (continued)

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis.

(f) Pensions and other post-retirement benefits

Contributions to the defined contribution scheme are charged to the profit and loss account in the accounting period in which they occur.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of the Company is Bupa Care Homes (CFG) plc, a company registered in England and Wales.

The ultimate parent undertaking of the Company is Bupa, a company registered in England and Wales in whose accounts these financial statements are consolidated. The smallest group in which these accounts are consolidated is that headed by Bupa Care Homes (CFG) plc, a company registered in England and Wales. Copies of the accounts of Bupa and Bupa Care Homes (CFG) plc can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

The average number of full-time equivalent employees employed by the Company during the year (including directors), analysed by category was as follows:

	Number of employees	
	2008	2007
Health care	<u>690</u>	<u>680</u>

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£'000	£'000
Wages and salaries	10,456	10,079
Social security costs	945	789
Other pension costs	<u>6</u>	<u>8</u>
	<u>11,407</u>	<u>10,876</u>

b) Directors' remuneration

The emoluments of the directors are borne entirely by other Group companies and are disclosed in the financial statements of those companies.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	£'000	£'000
Group undertakings	<u>85</u>	<u>337</u>

BUPA CARE HOMES (CARRICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
Group undertakings	<u>-</u>	<u>24</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off owned tangible fixed assets	903	859
Fees for the audit of the Company	<u>5</u>	<u>4</u>

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount may not be borne by the Company.

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in period

	2008 £'000	2007 £'000
Current tax		
UK corporation tax on profits of the year	945	1,027
Adjustments in respect of prior periods	<u>(167)</u>	<u>(172)</u>
	778	855
Deferred tax		
Origination and reversal of timing differences	5	49
Adjustments in respect of prior periods	(2)	24
Changes in tax rate	<u>-</u>	<u>(52)</u>
Tax on profit on ordinary activities	<u>781</u>	<u>876</u>

(ii) Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007 - 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	<u>2,812</u>	<u>3,086</u>
Tax charge on profit on ordinary activities at 28.5% (2007 - 30%)	801	926
Effects of:		
Expenses not deductible for tax purposes	149	154
Accelerated capital allowances	(5)	88
Deferred tax on short term and other timing differences	-	(141)
Adjustment to tax charge in respect of prior periods	<u>(167)</u>	<u>(172)</u>
Total current tax charge for the year	<u>778</u>	<u>855</u>

BUPA CARE HOMES (CARRICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2008**7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)****(iii) Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £3,803,000 (2007 - £4,537,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

8. DIVIDENDS

	2008 £'000	2007 £'000
Equity – ordinary		
Interim paid £59.60 (2007 - £19.87) per £1 ordinary share	<u>9,000</u>	<u>3,000</u>

No final dividend was declared and paid (2007 – £nil).

9. TANGIBLE FIXED ASSETS

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost or valuation			
At 1 January 2008	38,429	6,071	44,500
Additions	<u>39</u>	<u>581</u>	<u>620</u>
At 31 December 2008	<u>38,468</u>	<u>6,652</u>	<u>45,120</u>
Depreciation			
At 1 January 2008	45	1,946	1,991
Charge for the year	537	366	903
Impairment losses	<u>1,900</u>	<u>-</u>	<u>1,900</u>
At 31 December 2008	<u>2,482</u>	<u>2,312</u>	<u>4,794</u>
Net Book Value			
At 31 December 2008	<u>35,986</u>	<u>4,340</u>	<u>40,326</u>
At 31 December 2007	<u>38,384</u>	<u>4,125</u>	<u>42,509</u>

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 31 December 2007 on the basis of existing use. The valuation has been made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2007. Other tangible assets are stated at cost. The directors have performed an impairment review of freehold land and buildings as at 31 December 2008. This review has resulted in an impairment of £1,900,000 against the value of certain freehold land and buildings. In the opinion of the directors this loss in value is of a permanent nature.

BUPA CARE HOMES (CARRICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2008**9. TANGIBLE FIXED ASSETS (CONTINUED)**

Analysis of cost or valuation of land and buildings:	2008	2007
	£'000	£'000
At open market value	36,529	38,420
Cost	39	9
Aggregate depreciation thereon	<u>(582)</u>	<u>(45)</u>
	<u>35,986</u>	<u>38,384</u>
Historical cost of revalued assets	15,530	15,491
Aggregate depreciation based on historical cost	<u>(2,164)</u>	<u>(1,854)</u>
Historical cost net book value	<u>13,366</u>	<u>13,637</u>

10. INVESTMENTS

Interests in subsidiary undertakings **£'000**

Cost and net book value

At 31 December 2007 and 31 December 2008

1

The Company owns the entire ordinary shares of Kyle Building Services Limited a Company registered in Scotland. The principal activity of Kyle Building Services Limited is the construction and maintenance of care homes.

11. DEBTORS

	2008	2007
	£'000	£'000
Amounts owed by Group undertakings	<u>-</u>	<u>116</u>

12. CREDITORS – amounts falling due within one year

	2008	2007
	£'000	£'000
Amounts owed to Group undertakings	<u>12,937</u>	<u>-</u>

13. CREDITORS – amounts falling due after more than one year

	2008	2007
	£'000	£'000
Amount owed to Group undertaking	<u>-</u>	<u>9,543</u>

BUPA CARE HOMES (CARRICK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008****14. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred tax liabilities are analysed as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	811	808
Other timing differences	<u>(26)</u>	<u>(26)</u>
	<u>785</u>	<u>782</u>

The movement for the year in the net deferred tax provision is as follows:

	2008 £'000
At 1 January 2008	782
Deferred tax provided for the year	<u>3</u>
At 31 December 2008	<u>785</u>

15. SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
151,000 ordinary shares of £1 each	<u>151</u>	<u>151</u>
	2008 £'000	2007 £'000
Allotted, called-up and fully paid		
151,000 ordinary shares of £1 each	<u>151</u>	<u>151</u>

16. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2008	25,459	9,864
Unrealised losses	(1,900)	-
Profit for the financial year	-	2,031
Dividends on equity shares	<u>-</u>	<u>(9,000)</u>
At 31 December 2008	<u>23,559</u>	<u>2,895</u>

BUPA CARE HOMES (CARRICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Profit for the financial year	2,031	2,210
Dividends	<u>(9,000)</u>	<u>(3,000)</u>
Retained loss for the financial year	(6,969)	(790)
Other recognised gains and losses relating to the year (net)	<u>(1,900)</u>	<u>2,407</u>
Net (reduction in)/addition to shareholders funds	(8,869)	1,617
Opening shareholders' funds	<u>35,474</u>	<u>33,857</u>
Closing shareholders' funds	<u>26,605</u>	<u>35,474</u>

18. COMMITMENTS

The Company had no capital commitments at the end of either year.