

**BUPA NURSING HOMES (1997) LIMITED**

**(Registered No. 2014896)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**



# **BUPA NURSING HOMES (1997) LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 31 December 1999**

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### **1. Principal activity and review of the business**

Until October 1999 the principal activity of the Company was the development of nursing homes.

During the year the Company disposed of its interests in all its fixed assets to its parent Company. The Directors are currently reviewing the Company's future activities.

### **2. Results and dividends**

The loss for the year, after taxation, amounted to £217,567 (1998 - loss £502,692).  
No dividend is proposed for 1999 (1998 - £ nil).

### **3. Directors and directors' interests**

The names of persons who were directors at any time during the year are as follows:

J P Davies	
M Ellerby	
E W Lea	
P C Ludford	
G Smith	- appointed 4 February 1999
N R Taylor	- appointed 4 February 1999
A D Walford	
R I Watson	- resigned 4 February 1999

There were no directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

### **4. Year 2000**

The company was part of BUPA's comprehensive Year 2000 programme to minimise the impact of the millennium bug on our customers, which was successfully concluded. As a result of the care taken in addressing the real risks associated with the millennium bug, our customers and service suffered no adverse effects over the critical period. We are continuing to monitor possible impact during 2000 and contingency plans are in place to assist with any future issues that may arise.

The Group incurred total expenditure of £9.2m in 1999 and £8.1m in 1998. The cost to the Company of ensuring millennium compliance has not been material.

### **5. Auditors**

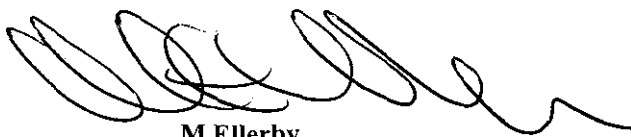
Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office :

Bridge House  
Outwood Lane  
Horsforth  
Leeds LS18 4UP

9 March 2000

By Order of the Board



**M Ellerby  
Director**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the auditors' report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the Directors and the auditors in the preparation of the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **BUPA NURSING HOMES (1997) LIMITED**

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF BUPA NURSING HOMES (1997) LIMITED**

We have audited the financial statements set out on pages 4 to 11.

#### **Respective responsibilities of Directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit PL*

Leeds

9 March 2000

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

**BUPA NURSING HOMES (1997) LIMITED****PROFIT AND LOSS ACCOUNT****for the year ended 31 December 1999**

	<i>Note</i>	<b>1999</b> £	1998 £
Operating expenses		(229,606)	(389,776)
Profit on disposal of fixed assets		12,996	-
Interest payable and similar charges	3	-	(450,000)
<b>Loss on ordinary activities before taxation</b>	4	(216,610)	(839,776)
Taxation on loss on ordinary activities	5	(957)	337,084
<b>Loss for the financial year</b>		<u>(217,567)</u>	<u>(502,692)</u>

There were no recognised gains and losses other than the loss for the financial year.

The operating loss is derived from continuing operations.


**BUPA NURSING HOMES (1997) LIMITED**

**BALANCE SHEET**

as at 31 December 1999

	<i>Note</i>	<b>1999</b> £	1998 £
<b>Fixed assets</b>			
Tangible assets	6	-	9,694,863
Investments	7	942	942
		<u>942</u>	<u>9,695,805</u>
<b>Current assets</b>			
Debtors	8	3,812,892	567,084
Cash at bank and in hand		5,614	5,614
		<u>3,818,506</u>	<u>572,698</u>
<b>Creditors: amounts falling due within one year</b>	9	(130,212)	(6,096,598)
<b>Net current liabilities</b>		<u>3,688,294</u>	<u>(5,523,900)</u>
<b>Total assets less current liabilities</b>		3,689,236	4,171,905
<b>Creditors: amounts falling due after more than one year</b>	10	-	(265,102)
		<u>3,689,236</u>	<u>3,906,803</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Revaluation reserve	13	-	5,534,863
Profit and loss account	13	3,689,136	(1,628,160)
<b>Equity Shareholders' Funds</b>		<u>3,689,236</u>	<u>3,906,803</u>

These financial statements were approved by the Board of Directors on 9 March 2000 and were signed on its behalf by



**N R Taylor**  
**Director**

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

**BUPA NURSING HOMES (1997) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 1999****NOTE OF HISTORICAL COST PROFITS AND LOSSES  
for the year ended 31 December 1999**

	1999 £	1998 £
Reported loss on ordinary activities before taxation	(216,610)	(839,776)
Realisation of property revaluation gains of previous years	5,534,863	-
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<u>5,318,253</u>	<u>(839,776)</u>
<b>Historical cost profit/(loss) for the year retained after taxation</b>	<u>5,317,296</u>	<u>(502,692)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
for the year ended 31 December 1999**

	1999 £	1998 £
Loss for the financial year	(217,567)	(502,692)
Other recognised gains and losses relating to the year (net)	-	-
<b>Net reduction in shareholders' funds</b>	<u>(217,567)</u>	<u>(502,692)</u>
Opening shareholders' funds	3,906,803	4,409,495
<b>Closing shareholders' funds</b>	<u>3,689,236</u>	<u>3,906,803</u>

# **BUPA NURSING HOMES (1997) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999**

### **1. STATEMENT OF ACCOUNTING POLICIES**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, applicable SORPs and under the historical cost convention, modified to include the revaluation of land and buildings.

#### **(b) Cash flow statement**

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited (BUPA), and its cash flows are included within the consolidated cash flow statement of that company.

#### **(c) Fixed assets and depreciation**

Freehold properties are stated at cost or valuation, other tangible fixed assets are stated at cost. No depreciation is provided on reversionary interests in freehold land or properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their estimated economic lives, as follows:

Leasehold land and buildings	- term of the lease
Plant and machinery	- 3 to 10 years
Fixtures, fittings & equipment	- 3 to 10 years

#### **(d) Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. It is expected that trading losses surrendered will be made on a full payment basis. No payment is made for group relief claimed or surrendered.



# BUPA NURSING HOMES (1997) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 - continued

### 2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of BUPA Nursing Homes Limited which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited, in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

As the Company is a wholly owned subsidiary of The British United Provident Association Limited, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA group of companies.

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Other interest payable	-	450,000
	<u>-</u>	<u>450,000</u>

### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
<i>Loss on ordinary activities is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	166,088	167,900
Leased	<u>110,116</u>	<u>221,876</u>

### 5. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge/(credit) is based on the result for the year :		
UK corporation tax at 30.25% (1998- 31%)	-	(228,397)
Corporation tax under/(over) provided in previous years	<u>957</u>	<u>(108,687)</u>
	<u>957</u>	<u>(337,084)</u>

The current year's UK corporation tax charge has been eliminated due to surrender of group relief to a related party, for which no payment has been made. The current year UK corporation tax credit would otherwise have amounted to £56,005.

# BUPA NURSING HOMES (1997) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 - continued

### 6. TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings	Plant & Machinery	Total
Cost or valuation	£	£	£
At 1 January 1999	9,048,642	1,035,997	10,084,639
Additions	41,883	102,814	144,697
Disposals	(9,090,525)	(1,138,811)	(10,229,336)
At 31 December 1999	-	-	-
<b>Depreciation</b>			
At 1 January 1999	221,876	167,900	389,776
Charge for the year	110,116	166,088	276,204
Disposals	(331,992)	(333,988)	(665,980)
At 31 December 1999	-	-	-
<b>Net Book Value</b>			
At 31 December 1999	-	-	-
At 31 December 1998	8,826,766	868,097	9,694,863
<b>Depreciable amount at 31 December 1999</b>	-	-	-
Depreciable amount at 31 December 1998	7,173,642	1,035,997	8,209,639

During the year the Company disposed of its interests in all its fixed assets to its parent Company on an arms length basis.

**BUPA NURSING HOMES (1997) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1999 - continued

**7. INVESTMENTS**

	1999 £	1998 £
8% Treasury stock, 2002-2006	<u>942</u>	<u>942</u>

**8. DEBTORS**

	1999 £	1998 £
<b>Amounts falling due within one year:</b>		
Corporation tax	-	957
Other debtors	73,740	-
Amounts owed by Group undertakings	3,739,152	566,127
	<u>3,812,892</u>	<u>567,084</u>

**9. CREDITORS - amounts falling due within one year:**

	1999 £	1998 £
Trade creditors	-	39,576
Taxation and social security	-	7,022
Amounts owed to Group undertakings	130,212	-
Amounts owed to CHG Homes plc	-	6,050,000
	<u>130,212</u>	<u>6,096,598</u>

**10. CREDITORS - amounts falling due after more than one year:**

	1999 £	1998 £
Amounts owed to parent undertaking	<u>-</u>	<u>265,102</u>

# BUPA NURSING HOMES (1997) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1999 - continued

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts not provided for potential deferred tax (assets) are set out below:

	1999 £	1998 £
Accelerated capital allowances	-	3,524
Other timing differences	-	(204,997)
	<u>-</u>	<u>(201,473)</u>

### 12. SHARE CAPITAL

	1999 £	1998 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called-up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 13. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 1999	5,534,863	(1,628,160)
Retained loss	-	(217,567)
Realised revaluation surplus	(5,534,863)	5,534,863
	<u>-</u>	<u>3,689,136</u>
At 31 December 1999	<u>-</u>	<u>3,689,136</u>

### 14. CONTINGENT LIABILITIES

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.

Under a group registration the Company is jointly and severally liable for value added tax due by certain other group companies.