

BM LEASING (1992) LIMITED

(Registered No. 1130440)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



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BM LEASING (1992) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

The Directors present their annual report and the audited financial statements for the year ended 31 December 2001.

1. Principal activity

The principal activity of the Company is the leasing of equipment.

2. Review of the business

The Directors consider the development of the Company during the year to be satisfactory, and do not foresee any significant changes in the forthcoming year.

3. Results and dividends

The profit for the year, after taxation, amounted to £889,695 (2000 - £698,683).

No dividend is proposed for 2001 (2000 - £ nil).

4. Directors and directors' interests

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

M I Dugdale (appointed 1st January 2002)

J P Davies

R King (appointed 1st August 2001)

A D Walford

E W Lea (resigned 13th September 2001)

D A Holden (resigned 31st December 2001)

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

5. Audit statement

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 :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

14 March 2002

By Order of the Board



J P Sanders
Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
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.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BM LEASING (1992) LIMITED

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's 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 1985. 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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

Chartered Accountants
Registered Auditors
14 March 2002

KPMG Audit Plc

London

BM LEASING (1992) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2001**

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	1,615,629	1,297,833
Operating expenses		<u>(462,065)</u>	<u>(413,895)</u>
Operating profit		1,153,564	883,938
 Interest payable and similar charges	<i>4</i>	<u>(263,869)</u>	<u>(185,255)</u>
 Profit on ordinary activities before taxation	<i>5</i>	889,695	698,683
 Tax on profit on ordinary activities	<i>6</i>	-	-
 Retained profit for the year	<i>14</i>	<u>889,695</u>	<u>698,683</u>

The operating profit is all derived from continuing operations.

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

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

BM LEASING (1992) LIMITED**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
Profit for the financial year	889,695	698,683
Net addition to equity shareholders' funds	<u>889,695</u>	<u>698,683</u>
Opening equity shareholders' funds	3,465,911	2,767,228
Closing equity shareholders' funds	<u>4,355,606</u>	<u>3,465,911</u>

BM LEASING (1992) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2001

	<i>Note</i>	2001 £	2000 £
Fixed assets			
Tangible assets	7	1,065,949	700,249
Current assets			
Debtors due within one year	8	101,179,862	101,157,532
Debtors after one year	8	12,970,232	9,832,637
		114,150,094	110,990,169
Creditors : amounts falling due within one year	10	(105,583,415)	(104,409,605)
Net current assets		8,566,679	6,580,564
Total assets less current liabilities		9,632,628	7,280,813
Creditors : amounts falling due after one year	10	(5,277,022)	(3,814,902)
Net assets		4,355,606	3,465,911
Shareholders' funds			
Called up share capital	13	2,010,000	2,010,000
Share premium account	14	35,066	35,066
Profit and loss account	14	2,310,540	1,420,845
		4,355,606	3,465,911

These financial statements were approved by the Board of Directors on 14 March 2002 and were signed on its behalf by

M I Dugdale

Director

The accounting policies and notes on pages 7 to 12 form part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention, and on a going concern basis.

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Ltd (BUPA), it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA group of companies.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents the gross earnings from operating leases and finance leases.

(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. No payment is made for group relief claimed or surrendered.

(e) Leasing

Leasing arrangements which transfer to the Company substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and depreciated over their estimated economic lives or over the term of the lease, whichever is shorter. The capital element of the leasing commitments is included in liabilities as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation, and the interest element is charged against results in a constant proportion to the capital element outstanding.

(f) Residual interests

In the majority of cases under the finance lease arrangements, the Company retains an interest in the residual value of the leased asset. No recognition is made in the financial statements of any profit attributable to the estimated future disposal proceeds of equipment which will be returned to the Company at the termination of the lease or from rentals resulting from anticipated secondary leases until these are realised.

BM LEASING (1992) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

(g) Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is calculated as to write off the cost by equal instalments over their estimated useful lives, as follows:

Equipment - 3 years or the length of the finance lease

2. ULTIMATE HOLDING COMPANY

The Company is a subsidiary undertaking of BUPA Investments Limited, which is registered in England and Wales. A copy of BUPA Investments Limited's financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

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.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

Employees

The Company had no employees during the year (2000 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors during the year (2000 :£ nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Finance charges	<u>263,869</u>	<u>185,255</u>

BM LEASING (1992) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001	2000
	£	£
<i>Profit on ordinary activities is stated</i>		
<i>after charging :</i>		
Auditor's remuneration	3,000	2,500
Gross charges under finance leases - Group undertakings	230,014	216,803
Gross charges under finance leases	33,855	28,452
Depreciation - leased assets	373,394	350,124
Other operating charges - Group undertakings	<u>25,671</u>	<u>1,271</u>
<i>after crediting :</i>		
Equipment rentals receivable - Group undertakings	(407,249)	(378,576)
Gross earnings under finance leases - Group undertakings	<u>(1,208,380)</u>	<u>(919,257)</u>

The aggregate rentals received under finance leases are as follows:

Finance charges	(1,022,380)	(785,757)
Capital repayments	<u>(6,006,632)</u>	<u>(4,384,449)</u>
	<u>(7,029,012)</u>	<u>(5,170,206)</u>

The aggregate rentals paid under finance leases are as follows:

Finance charges	263,868	185,255
Capital repayments	<u>1,567,742</u>	<u>716,044</u>
	<u>1,831,610</u>	<u>901,299</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The current year's UK corporation tax charge has been reduced due to surrender of group relief from a related party, for which no payment has been made. The current year UK corporation tax credit would otherwise have amounted to £387,370 (2000 £251,150).

7. FIXED ASSETS**Equipment****Equipment Assets under finance leases:****Cost or valuation**

At 1 January 2001	1,050,373
Additions	901,594
Disposals	(195,000)
At 31 December 2001	<u>1,756,967</u>

At 1 January 2001	(350,124)
Charge for year	(373,394)
Disposals	32,500
At 31 December 2001	<u>(691,018)</u>

Net Book Value

At 31 December 2001	<u>1,065,949</u>
At 31 December 2000	<u>700,249</u>

BM LEASING (1992) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued**

8. DEBTORS

	2001 £	2000 £
Amounts falling due within one year:		
Amounts receivable under finance leases	6,357,288	4,987,026
Amounts due from Group undertakings	93,566,137	94,523,142
Other debtors	1,256,437	1,647,364
	<u>101,179,862</u>	<u>101,157,532</u>
Amounts falling due after more than one year:		
Amounts receivable under finance leases	<u>12,970,232</u>	<u>9,832,637</u>

9. INVESTMENTS IN FINANCE AGREEMENTS

	2001 £	2000 £
The amounts receivable under finance leases comprise:		
Minimum lease payments	22,756,000	17,535,038
Finance allocated to future periods	<u>(3,428,480)</u>	<u>(2,715,375)</u>
	<u>19,327,520</u>	<u>14,819,663</u>
Of which due within one year	<u>6,357,288</u>	<u>4,987,026</u>
Lease payments receivable in year	<u>7,570,500</u>	<u>5,914,976</u>

10. CREDITORS

	2001 £	2000 £
Amounts falling due within one year:		
Obligations under finance leases	(1,449,607)	(920,319)
Amounts owed to Group undertakings	(104,049,031)	(103,444,720)
Other creditors	<u>(84,777)</u>	<u>(44,566)</u>
	<u>(105,583,415)</u>	<u>(104,409,605)</u>
Amounts falling due more than one year:		
Obligations under finance leases	<u>(5,277,022)</u>	<u>(3,814,902)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

11. OBLIGATIONS UNDER FINANCE LEASES

The maturity of obligations under finance leases is as follows:

	2001 £	2000 £
Amounts due within one year	(1,471,736)	(1,130,310)
Amounts due between one and five years	(4,405,258)	(3,031,643)
Amounts due over five years	(1,918,928)	(1,329,494)
	<u>(7,795,922)</u>	<u>(5,491,447)</u>
Less : finance charges allocated to future periods	1,069,293	756,226
	<u>(6,726,629)</u>	<u>(4,735,221)</u>

12. DEFERRED TAX

The amounts provided for deferred taxation and the amounts not provided are set out below :

	Provided		Not Provided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	-	-	(175,526)	(57,733)
Other	-	-	-	-
Total deferred tax	<u>-</u>	<u>-</u>	<u>(175,526)</u>	<u>(57,733)</u>

13. SHARE CAPITAL**Authorised**

20,100,000 ordinary shares of 10 pence each

2001 £	2000 £
<u>2,010,000</u>	<u>2,010,000</u>

Allotted, called-up and fully paid

20,100,000 ordinary shares of 10 pence each

2001 £	2000 £
<u>2,010,000</u>	<u>2,010,000</u>

14. RESERVES

At 1 January 2001

Retained profit

At 31 December 2001

Share premium account £	Profit and loss account £
35,066	1,420,845
-	<u>889,695</u>
<u>35,066</u>	<u>2,310,540</u>

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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

The Company has no obligation in respect of future capital expenditure.