

BM LEASING (1992) LIMITED

(Registered No. 1130440)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996



BM LEASING (1992) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1996

The Directors present their annual report and the audited financial statements for the year ended 31 December 1996.

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 loss for the year, after taxation, amounted to £21,997 (1995 - profit £25,258).
No dividend is proposed for 1996 (1995 - £ nil).

4. Directors and directors' interests

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

E W Lea (Chairman)
J P Davies
M Ellerby
A D Walford
F A Kee

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

5. Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

13 March 1997

By Order of the Board



J P Sanders
Secretary

BM LEASING (1992) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditor's 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.

BM LEASING (1992) LIMITED

REPORT OF THE AUDITOR

TO THE MEMBERS OF BM LEASING (1992) LIMITED

We have audited the financial statements set out on pages 4 to 10.

Respective responsibilities of Directors and the auditor

As described on page 2, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

The accounting policies and notes on pages 7 to 10 form part of these Financial Statements.

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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

London

13 March 1997

KPMG Audit Plc
Chartered Accountants
Registered Auditor

BM LEASING (1992) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	<i>Note</i>	1996 £	1995 £
Turnover	<i>1</i>	24,394	162,497
Operating expenses		<u>(12,302)</u>	<u>(123,400)</u>
Profit on ordinary activities before taxation	<i>4</i>	12,092	39,097
Tax on profit on ordinary activities	<i>5</i>	<u>(34,089)</u>	<u>(13,839)</u>
Retained (loss)/profit for the financial year		<u>(21,997)</u>	<u>25,258</u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the (loss)/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 SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1996**

	1996 £	1995 £
(Loss)/profit for the financial year	(21,997)	25,258
Net (reduction)/addition to shareholders' funds	<u>(21,997)</u>	<u>25,258</u>
Opening shareholders' funds	6,416	(18,842)
Closing shareholders' funds	<u>(15,581)</u>	<u>6,416</u>

BM LEASING (1992) LIMITED

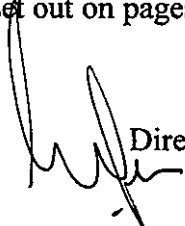
BALANCE SHEET

AS AT 31 DECEMBER 1996

	<i>Note</i>	1996 £	1995 £
Current assets			
Debtors due within one year	6	6,238	171,590
Debtors after one year	6	<u>2,133</u>	<u>171,283</u>
		8,371	342,873
Creditors: amounts falling due within one year	8	(23,953)	(336,458)
Total assets less current liabilities		<u>(15,582)</u>	<u>6,415</u>
Provisions for liabilities and charges	9	1	1
Net (liabilities)/assets		<u>(15,581)</u>	<u>6,416</u>
Capital and reserves			
Called up share capital	10	10,000	10,000
Share premium account	11	35,066	35,066
Profit and loss account	11	<u>(60,647)</u>	<u>(38,650)</u>
Shareholders' funds		<u>(15,581)</u>	<u>6,416</u>

We have audited the financial statements set out on pages 4 to 10.
signed on its behalf by

E W Lea



Director

The accounting policies and notes on pages 7 to 10 form part of these Financial Statements.

BM LEASING (1992) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

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 in view of the letter of support from BUPA Investments Limited, which undertakes to provide or procure such support as is necessary to enable the company to meet its liabilities as they fall due.

(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, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents the gross earnings from finance leases.

(d) Related Party transactions

As the Company is ultimately a wholly owned subsidiary of the British United Provident Association Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA Group.

(e) 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.

(f) Finance leases

The gross earnings from finance leases are recognised in the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

The investment in finance leases is stated in the balance sheet at the total of the gross minimum lease payments receivable under such agreements, less finance income allocated to future periods.

(g) Residual interests

In the majority of cases under the finance lease arrangements, B M Leasing (1992) 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 B M Leasing (1992) 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 1996 - continued

2. GROUP COMPANIES

The Company is a wholly owned subsidiary 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 (1995 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (1995 :£ nil).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	1995
	£	£
<i>Profit on ordinary activities is stated</i>		
<i>after charging :</i>		
Depreciation	-	113,228
Auditor's remuneration	2,300	2,200
Other operating charges	10,002	7,972
	<u>12,302</u>	<u>123,400</u>
<i>after crediting :</i>		
Rentals receivable under operating leases	-	(144,829)
Gross earnings under finance leases	(24,394)	(17,668)
	<u>(12,092)</u>	<u>(39,097)</u>
The aggregate rentals received under finance leases are as follows:		
Finance charges	(34,462)	(17,668)
Capital repayments	(324,960)	(298,848)
	<u>(359,422)</u>	<u>(316,516)</u>

BM LEASING (1992) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 - continued

5. TAX ON PROFIT ON ORDINARY ACTIVITIES	1996	1995
The taxation charge is based on the result for the year :	£	£
UK corporation tax at 33%	34,481	54,082
Deferred taxation	-	(28,044)
	<u>34,481</u>	<u>26,038</u>
Taxation (over)/under provided in previous years :		
Corporation tax	(52,857)	(16,439)
Group Relief	52,465	4,240
	<u>34,089</u>	<u>13,839</u>
The corporation tax liability for the year has been reduced by £34,481 (1995 - £54,082) as a result of group relief for a fellow subsidiary undertaking's losses.		

6. DEBTORS	1996	1995
Amounts falling due within one year:	£	£
Net investment in finance leases	4,488	170,365
Other debtors	1,750	1,225
	<u>6,238</u>	<u>171,590</u>
Amounts falling due after more than one year:		
Net investment in finance leases	2,133	171,283
	<u>2,133</u>	<u>171,283</u>

7. INVESTMENTS IN FINANCE AGREEMENTS	1996	1995
The Company's investments in finance leases can be allocated as follows :	£	£
Minimum lease payments	6,621	380,178
Finance allocated to future periods	483	(38,529)
	<u>7,104</u>	<u>341,649</u>
Of which due within one year	<u>4,488</u>	<u>170,365</u>
Lease payments receivable in year	<u>349,354</u>	<u>316,516</u>
Cost of equipment acquired during the year	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 - continued

8. CREDITORS - amounts falling due within one year :	1996	1995
	£	£
Amounts owed to Group undertakings	21,653	280,176
Taxation and social security	-	54,082
Other creditors	2,300	2,200
	<u>23,953</u>	<u>336,458</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES	Deferred	Total
	£	£
At 1 January 1996	(1)	(1)
Charge for the year	-	-
	<u>(1)</u>	<u>(1)</u>
At 31 December 1996	(1)	(1)

10. SHARE CAPITAL	1996	1995
	£	£
Authorised		
100,000 ordinary shares of 10 pence each	<u>10,000</u>	<u>10,000</u>
Allotted, called-up and fully paid		
100,000 ordinary shares of 10 pence each	<u>10,000</u>	<u>10,000</u>

11. RESERVES	Share premium account	Profit and loss account
	£	£
At 1 January 1996	35,066	(38,650)
Retained loss	-	(21,997)
At 31 December 1996	<u>35,066</u>	<u>(60,647)</u>

12. COMMITMENTS

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

13. 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.