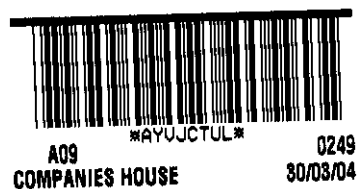


BM LEASING (1992) LIMITED

(Registered No. 1130440)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003



BM LEASING (1992) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

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 £450,815 (2002 - £710,113).

No dividend is proposed for 2003 (2002 - £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

J P Davies

R King

A D Walford

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

By Order of the Board



J P Sanders
Secretary

11 March 2004

BM LEASING (1992) LIMITED

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.

BM LEASING (1992) LIMITED

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

We have audited the financial statements on pages 4 to 14.

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 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 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 audit 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

11 March 2004

BM LEASING (1992) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<i>Note</i>	2003 £	2002 £
Turnover	<i>1</i>	1,828,230	1,682,791
Operating expenses		<u>(809,369)</u>	<u>(344,022)</u>
Operating profit		1,018,861	1,338,769
 Interest payable and similar charges	<i>4</i>	<u>(374,840)</u>	<u>(324,322)</u>
Profit on ordinary activities before taxation	<i>5</i>	644,021	1,014,447
 Tax on profit on ordinary activities	<i>6</i>	<u>(193,206)</u>	<u>(304,334)</u>
Retained profit for the year	<i>14</i>	<u>450,815</u>	<u>710,113</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.

There are no recognised gains or losses other than the profit for the financial year of £450,815 (2002: £710,113).

The accounting policies and notes on pages 7 to 14 form part of these financial statements.

BM LEASING (1992) LIMITED**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003 £	2002 £
Profit for the financial year	450,815	710,113
Net addition to equity shareholders' funds	<u>450,815</u>	<u>710,113</u>
Opening equity shareholders' funds	<u>5,241,245</u>	<u>4,531,132</u>
Closing equity shareholders' funds	<u>5,692,060</u>	<u>5,241,245</u>

BM LEASING (1992) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2003**

	<i>Note</i>	2003 £	2002 £
Fixed assets			
Tangible assets	7	931,865	1,101,166
Current assets			
Debtors due within one year	8	102,850,170	105,254,973
Debtors after one year	8	14,328,574	13,374,709
		117,178,744	118,629,682
Creditors: amounts falling due within one year	10	(104,499,470)	(108,166,622)
Net current assets		12,679,274	10,463,060
Total assets less current liabilities		13,611,139	11,564,226
Creditors: amounts falling due after one year	10	(7,919,079)	(6,322,981)
Net assets		5,692,060	5,241,245
 Called up share capital	13	2,010,000	2,010,000
Share premium account	14	35,066	35,066
Profit and loss account	14	3,646,994	3,196,179
Equity shareholders' funds		5,692,060	5,241,245

These financial statements were approved by the Board of directors on 11 March 2004 and were signed on its behalf by

M I Dugdale

M I Dugdale
Director

The accounting policies and notes on pages 7 to 14 form part of these Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

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

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 wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA Group.

(c) Turnover

Turnover represents the gross earnings from finance leases.

(d) Taxation including deferred taxation

The charge for taxation is based on the result for the year 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 fixed 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.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

1. STATEMENT OF ACCOUNTING POLICIES - continued

(e) Leasing

Leasing arrangements which transfer to the company substantially all the risks and rewards of ownership of an asset are treated 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.

(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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

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 (2002: nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors during the year (2002: £nil).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Finance charges	<u>374,840</u>	<u>324,322</u>

BM LEASING (1992) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003	2002
	£	£
<i>Profit on ordinary activities is stated after charging:</i>		
Auditor's remuneration	3,183	3,090
Gross charges under finance leases - Group undertakings	363,775	302,193
Gross charges under finance leases	11,064	22,129
Depreciation - leased assets	393,694	267,677
Loss on disposal of fixed assets	335,367	-
Other operating charges - Group undertakings	6,725	4,139
	<u> </u>	<u> </u>
<i>after crediting:</i>		
Equipment rentals receivable - Group undertakings	(404,759)	(289,806)
Gross earnings under finance leases - Group undertakings	<u>(1,423,471)</u>	<u>(1,392,985)</u>

The aggregate rentals received under finance leases are as follows:

Finance charges	(1,237,471)	(1,206,985)
Capital repayments	<u>(9,152,203)</u>	<u>(7,164,861)</u>
	<u>(10,389,674)</u>	<u>(8,371,846)</u>

The aggregate rentals paid under finance leases are as follows:

Finance charges	374,840	324,322
Capital repayments	<u>1,754,743</u>	<u>1,706,362</u>
	<u>2,129,583</u>	<u>2,030,684</u>

BM LEASING (1992) LIMITED
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**
6. TAX ON PROFIT ON ORDINARY ACTIVITIES
(i) Analysis of tax charge/ (credit) in period

	2003 £	2002 £
Current Tax		
UK Corporation tax on profits for the year	764,202	371,808
Adjustments in respect of prior periods	245,782	-
Total current tax	<u>1,009,984</u>	<u>371,808</u>
Deferred tax		
Origination and reversal of timing differences	(570,996)	(67,474)
Adjustments in respect of prior periods	(245,782)	-
Tax on profit on ordinary activities	<u>193,206</u>	<u>304,334</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	<u>644,021</u>	<u>1,014,447</u>
Tax charge on profit on ordinary activities at 30%	193,206	304,334
Effects of:		
Deferred tax on short term and other timing differences	570,996	67,474
Adjustments to tax charge in respect to prior periods	245,782	-
Total current tax charge for the year	<u>1,009,984</u>	<u>371,808</u>

7. FIXED ASSETS

	Equipment £	TOTAL £
Equipment Assets under finance leases:		
Cost		
At 1 January 2003	2,059,861	2,059,861
Additions	1,016,580	1,016,580
Disposals	(2,059,861)	(2,059,861)
At 31 December 2003	<u>1,016,580</u>	<u>1,016,580</u>
Depreciation		
At 1 January 2003	(958,695)	(958,695)
Charge for year	(393,694)	(393,694)
Charge on disposals	1,267,674	1,267,674
At 31 December 2003	<u>(84,715)</u>	<u>(84,715)</u>
Net Book Value		
At 31 December 2003	<u>931,865</u>	<u>931,865</u>
At 31 December 2002	<u>1,101,166</u>	<u>1,101,166</u>

BM LEASING (1992) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

8. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Amounts receivable under finance leases	6,169,644	7,255,900
Amounts due from Group undertakings	90,998,075	91,769,906
Other debtors	5,682,451	6,229,167
	<u>102,850,170</u>	<u>105,254,973</u>
Amounts falling due after more than one year:	£	£
Amounts receivable under finance leases	13,268,796	13,131,709
Deferred tax (note 12)	1,059,778	243,000
	<u>14,328,574</u>	<u>13,374,709</u>

9. INVESTMENTS IN FINANCE AGREEMENTS

	2003 £	2002 £
The amounts receivable under finance leases comprise:		
Minimum lease payments	24,038,102	24,629,337
Finance allocated to future periods	(4,599,662)	(4,241,728)
	<u>19,438,440</u>	<u>20,387,609</u>
Of which due within one year	6,169,644	7,255,900
Lease payments receivable in year (including interest)	<u>7,424,050</u>	<u>8,354,616</u>

10. CREDITORS

	2003 £	2002 £
Amounts falling due within one year:		
Bank overdraft	(236,564)	(264)
Obligations under finance leases	(1,679,338)	(1,556,545)
Amounts owed to Group undertakings	(102,269,360)	(102,569,910)
Other creditors	(314,208)	(4,039,903)
	<u>(104,499,470)</u>	<u>(108,166,622)</u>
Amounts falling due more than one year:	£	£
Obligations under finance leases	<u>(7,919,079)</u>	<u>(6,322,981)</u>

BM LEASING (1992) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

11. OBLIGATIONS UNDER FINANCE LEASES

	2003 £	2002 £
The maturity of obligations under finance leases is as follows:		
Amounts due within one year	(2,056,436)	(1,878,419)
Amounts due between one and five years	(5,778,838)	(4,615,654)
Amounts due over five years	(3,375,916)	(2,691,627)
	<u>(11,211,190)</u>	<u>(9,185,700)</u>
Less : finance charges allocated to future periods	1,612,773	1,306,174
	<u>(9,598,417)</u>	<u>(7,879,526)</u>

12. DEFERRED TAX

Deferred tax liabilities are analysed as follows:

	2003 £	2002 £
Accelerated capital allowances	(1,059,778)	(243,000)
	<u>(1,059,778)</u>	<u>(243,000)</u>

	2003 £	2002 £
At the beginning of year	(243,000)	(175,526)
Deferred tax credit for year	(816,778)	(67,474)
At end of year	<u>(1,059,778)</u>	<u>(243,000)</u>

The net deferred tax asset is included within other debtors.

13. SHARE CAPITAL

	2003 £	2002 £
Authorised		
20,100,000 ordinary shares of 10 pence each	<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	<u>2,010,000</u>	<u>2,010,000</u>

14. RESERVES

	Share premium account £	Profit and loss account £
At beginning of year	35,066	3,196,179
Profit for the year	-	450,815
At end of year	<u>35,066</u>	<u>3,646,994</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 - continued**

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 loans of certain other Group Undertakings.

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

16. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), a company registered in England and Wales, 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 are no other related party transactions.