

**BHS LEASING (1993) LIMITED**

**(Registered No. 1521055)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2004**



**BHS LEASING (1993) LIMITED**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2004**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

**1. Principal activity**

The principal activity of the Company is leasing assets to Group companies.

**2. Review of the business**

The directors consider the performance of the Company during the year to be satisfactory.

**3. Results and dividends**

The profit for the year, after taxation, amounted to £3,296,792 (2003 – £2,399,565).

No dividend is proposed for 2004 (2003 – £ nil).

**4. Conversion to International Financial Reporting Standards**

The Company will be preparing the 2005 financial statements under International Financial Reporting Standards in line with the policy of the ultimate parent undertaking, The British United Provident Association Limited (BUPA). Further information regarding the change can be found in the accounts of BUPA.

**5. Directors and directors' interests**

Details of the present directors and any other person who served as a director during the year are set out below:

J P Davies  
M I Dugdale  
M Ellerby  
R King  
N R Taylor  
A D Walford

The Directors had no interests requiring disclosure under Section 234 of the Companies Act 1985.

**6. Supplier payment policy**

The Company's policy is to settle terms of payments with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of their terms of payment and abide by the terms of payment. Trade creditors of the Company at 31 December 2004 were equivalent to 26 (2003 – 26) days purchases, based on the average daily amount invoiced by suppliers during the year.

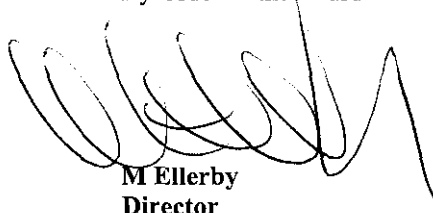
**7. Auditors**

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:  
Bridge House  
Outwood Lane  
Horsforth  
Leeds  
LS18 4UP

10 March 2005

By Order of the Board



M Ellerby  
Director

## **BHS LEASING (1993) 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 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 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.

## INDEPENDENT AUDITORS' TO THE MEMBERS OF BHS LEASING (1993) LIMITED

We have audited the financial statements on pages 4 to 13.

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 the Company's affairs as at 31 December 2004 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

Leeds

10 March 2005

**BHS LEASING (1993) LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2004**

	Note	2004 £	2003 £
Turnover	1	487,167	423,774
Operating expenses		<u>(60)</u>	<u>(9,988)</u>
<b>Operating profit</b>		487,107	413,786
Interest receivable and similar income	4	4,093,198	3,143,674
Interest payable and similar charges	5	<u>(38)</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>	6	4,580,267	3,557,460
Tax on profit on ordinary activities	7	<u>(1,283,475)</u>	<u>(1,157,895)</u>
<b>Retained profit for the financial year</b>		<u>3,296,792</u>	<u>2,399,565</u>

The operating profit is all derived from continuing activities.

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.*

The accounting policies and notes on pages 7 to 13 form part of these financial statements.

**BHS LEASING (1993) LIMITED**

**BALANCE SHEET**  
as at 31 December 2004

	Note	2004 £	2003 £
<b>Current assets</b>			
Debtors		102,291,889	99,103,176
Debtors: amounts due within one year	8	94,188,465	91,777,101
Debtors: amounts due after one year	8	8,103,424	7,326,075
Cash at bank and in hand		-	219,591
		<u>102,291,889</u>	<u>99,322,767</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(91,571,351)</u>	<u>(91,846,442)</u>
<b>Net current assets</b>		<u>10,720,538</u>	<u>7,476,325</u>
<b>Provision for liabilities and charges</b>	11	<u>(692,303)</u>	<u>(744,882)</u>
<b>Net assets</b>		<u>10,028,235</u>	<u>6,731,443</u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account	13	<u>10,028,135</u>	<u>6,731,343</u>
<b>Equity shareholders' funds</b>		<u>10,028,235</u>	<u>6,731,443</u>

These financial statements were approved by the Board of Directors on 10 March 2005 and were signed on its behalf by:

  
N R Taylor  
Director

The accounting policies and notes on pages 7 to 13 form part of these financial statements.

**BHS LEASING (1993) LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the year ended 31 December 2004

	<b>2004</b> £	<b>2003</b> £
Profit for the financial year and addition to shareholders' funds	3,296,792	2,399,565
Opening shareholders' funds	6,731,443	4,331,878
<b>Closing shareholders' funds</b>	<b>10,028,235</b>	<b>6,731,443</b>

## **BHS LEASING (1993) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004**

#### **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 and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking of 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.

**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 Statement 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 gross earnings from finance leases, the aggregate rentals receivable in respect of operating leases, management charges and amounts earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where appropriate. All turnover arises within the United Kingdom.

**(d) Taxation including deferred taxation**

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

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:

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.



## BHS LEASING (1993) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

#### 1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

##### (e) Finance Leases

The gross earnings from finance leases are recognised in the profit and loss account over the period of the lease and represent a constant proportion 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.

##### (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) 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 UNDERTAKING

The immediate parent undertaking of the Company Limited is BUPA Investments Limited, a company which is registered in England and Wales.

The ultimate parent undertaking is BUPA, a company registered in England and Wales, in whose accounts these financial statements are consolidated. Copies of the accounts of BUPA can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

#### 3. STAFF COSTS AND DIRECTORS' REMUNERATION

The emoluments of the Directors are borne entirely by other Group companies and are disclosed in the financial statements of those companies. The Company has no other employee costs during the year.

#### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Loans to Group undertakings	<u>4,093,198</u>	<u>3,143,674</u>

**BHS LEASING (1993) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2004**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2004</b> £	2003 £
Loans from Group undertaking	<u>38</u>	<u>-</u>

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after crediting:

	<b>2004</b> £	2003 £
Gross earnings under finance leases	<u>427,167</u>	<u>363,774</u>

Auditors' remuneration and amounts paid to KPMG Audit Plc and their associates for non audit services are borne by a fellow Group undertaking.

The aggregate rentals received under finance leases are as follows:

	<b>2004</b> £	2003 £
Finance charges	427,167	363,774
Capital repayments	<u>1,460,299</u>	<u>1,243,256</u>
	<u>1,887,466</u>	<u>1,607,030</u>

**BHS LEASING (1993) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2004

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of tax charge in the year**

	2004 £	2003 £
<b>Current tax:</b>		
UK Corporation tax on profits for the year	1,217,516	821,853
Adjustments in respect of prior periods	118,538	90,657
	<hr/>	<hr/>
Total current tax	1,336,054	912,510
<b>Deferred tax:</b>		
Origination and reversal of timing differences	156,617	245,385
Adjustments in respect of prior periods	(209,196)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>1,283,475</u>	<u>1,157,895</u>

**(b) Factors affecting the tax charge**

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

	2004 £	2003 £
Profit on ordinary activities before tax	<u>4,580,267</u>	<u>3,557,460</u>
Tax charge on profit on ordinary activities at 30%	1,374,080	1,067,238
Effects of:		
Expenses not deductible for tax purposes	53	-
Accelerated capital allowances	(594,707)	-
Deferred tax on short term and other timing differences	438,090	(245,385)
Adjustments to tax charge in respect of prior periods	118,538	90,657
	<hr/>	<hr/>
Total current tax charge for year	<u>1,336,054</u>	<u>912,510</u>

# **BHS LEASING (1993) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004**

### **8. DEBTORS**

	<b>2004</b>	2003
	£	£
<b>Amounts falling due within one year:</b>		
Finance leases	1,510,120	1,340,478
Amounts owed by Group undertakings	<u>92,678,345</u>	<u>90,436,623</u>
	<u>94,188,465</u>	<u>91,777,101</u>

Amounts owed by Group undertakings include a loan of £76,600,000 from BUPA Investments Limited and carries interest at the rate of LIBOR. The loan has no fixed repayment term.

The finance leases are receivable from a fellow Group undertaking.

#### **Amounts falling due after more than one year:**

	<b>2004</b>	2003
	£	£
Finance leases	<u>8,103,424</u>	<u>7,326,075</u>
Between one and two years	1,402,439	1,234,115
Between two and five years	3,604,725	2,099,658
After five years	<u>3,096,260</u>	<u>3,992,302</u>
	<u>8,103,424</u>	<u>7,326,075</u>

The finance leases are receivable from a fellow Group undertaking.

### **9. INVESTMENTS IN FINANCE AGREEMENTS**

The Company's investments in finance leases can be allocated as follows:

	<b>2004</b>	2003
	£	£
Minimum lease payments	11,328,790	10,279,373
Finance allocated to future periods	<u>(1,715,246)</u>	<u>(1,612,820)</u>
	<u>9,613,544</u>	<u>8,666,553</u>
Of which is due within one year	<u>1,510,120</u>	<u>1,340,478</u>
Lease payments receivable in year	<u>1,460,299</u>	<u>1,243,256</u>
Cost of equipment acquired during the year	<u>2,407,290</u>	<u>2,911,617</u>

# **BHS LEASING (1993) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 December 2004

### **10. CREDITORS – amounts falling due within one year**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank overdraft	851,439	-
Payments on account	88,070,480	89,957,945
Trade creditors	7,370	100,331
Amounts owed to Group undertakings	1,336,092	72,589
Other creditors	<u>1,305,970</u>	<u>1,715,577</u>
	<u><b>91,571,351</b></u>	<u><b>91,846,442</b></u>

Payments on account represent payments for goods and services to be rendered by Group undertakings.

### **11. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred taxation £</b>
At 1 January 2004	744,882
Deferred tax charge for the year	<u>(52,579)</u>
<b>At 31 December 2004</b>	<u><b>692,303</b></u>

#### **Deferred taxation**

Deferred tax liabilities are analysed as follows:

	<b>Deferred tax</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>692,303</u>	<u>744,882</u>
	<u><b>692,303</b></u>	<u><b>744,882</b></u>

**BHS LEASING (1993) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2004**

**12. SHARE CAPITAL**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called-up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**13. RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2004	6,731,343
Retained profit for the year	<u>3,296,792</u>
<b>At 31 December 2004</b>	<u><b>10,028,135</b></u>

**14. CONTINGENT LIABILITIES**

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