

BHS Leasing (1994) Limited

(Registered No. 1584802)

Directors' Report and Financial Statements

For the Year Ended 31 December 2004



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BHS Leasing (1994) 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.

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 £175,729 (2003 - loss £1,622).
No dividend is proposed for 2004 (2003 - £ nil).

4. Directors and directors' interests

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

J P Davies
M I Dugdale
D A Gray
C M Hollingsworth
R King
A D Walford

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

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.

6. International Financial Reporting Standards

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

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

4 March 2005

By Order of the Board



A D Walford
Secretary

BHS Leasing (1994) Limited

Statement of directors' responsibilities

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.

BHS Leasing (1994) Limited

Independent auditors' report to the members of BHS Leasing (1994) Limited

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

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



KPMG Audit Plc
Chartered Accountants
Registered Auditor

4 March 2005

London

BHS Leasing (1994) Limited**Profit and Loss Account
for the year ended 31 December 2004**

	<i>Note</i>	2004 £	2003 £
Operating expenses		(1,500)	(2,345)
Operating loss		<u>(1,500)</u>	<u>(2,345)</u>
Interest receivable and similar income	4	31,409	99
Interest payable and similar charges	5	(27,017)	-
Profit/(loss) on ordinary activities before taxation	6	<u>2,892</u>	<u>(2,246)</u>
Tax on profit/(loss) on ordinary activities	7	(178,621)	624
Retained loss for the financial year		<u><u>(175,729)</u></u>	<u><u>(1,622)</u></u>

The operating loss is all derived from continuing operations.

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

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

The accounting policies and notes on pages 7 to 12 form part of these financial statements.

BHS Leasing (1994) Limited**Balance Sheet
as at 31 December 2004**

	<i>Note</i>	2004 £	2003 £
Current assets			
Debtors due within one year	8	1,098,161	1,069,147
Debtors due after more than one year	8	-	429,854
		<u>1,098,161</u>	<u>1,499,001</u>
Cash at bank and in hand		65,620	65,789
		<u>1,163,781</u>	<u>1,564,790</u>
Creditors: amounts falling due within one year	9	(745,380)	(970,660)
		<u>418,401</u>	<u>594,130</u>
Net assets			
Capital and reserves			
Called up share capital	10	100,001	100,001
Profit and loss account	11	<u>318,400</u>	<u>494,129</u>
Equity shareholders' funds		<u>418,401</u>	<u>594,130</u>

These financial statements were approved by the Board of Directors on 4 March 2005 and were signed on its behalf by



D A Gray
Director

The accounting policies and notes on pages 7 to 12 form part of these financial statements.

BHS Leasing (1994) Limited**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004**

	2004 £	2003 £
Retained loss for the financial year	(175,729)	(1,622)
	<hr/>	<hr/>
Net reduction to shareholders' funds	(175,729)	(1,622)
Opening shareholders' funds	594,130	595,752
	<hr/>	<hr/>
Closing shareholders' funds	418,401	594,130
	<hr/>	<hr/>

**Notes to the Financial Statements
for the year ended 31 December 2004**

1. Accounting policies

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 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 Disclosure (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA group. There were no other related party transactions.

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

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently except as noted above, is set out below.

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 exception:

Deferred tax assets are recognised only to the extent that 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, except that no payment is made for the surrender of losses between companies within the subgroup headed by BUPA Hospitals (Holdings) Limited.

BHS Leasing (1994) Limited

Notes to the Financial Statements for the year ended 31 December 2004

1. Accounting policies - continued

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.

Residual interests

In the majority of cases under the finance lease arrangements, BHS Leasing (1994) Limited 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 BHS Leasing (1994) Limited at the termination of the lease or from rentals resulting from anticipated secondary leases until these are realised.

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of BHS Leasing (1994) Limited is BUPA Hospitals Limited, a company registered in England and Wales which is a subsidiary of BUPA Hospitals (Holdings) Limited, a company also registered in England and Wales. The results of BHS Leasing (1994) Limited are included in the consolidated accounts of BUPA Hospitals (Holdings) Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ.

The ultimate parent undertaking of BHS Leasing (1994) Limited is The British United Provident Association Limited (BUPA), a company registered in England and Wales. The results of BHS Leasing (1994) Limited are included in the consolidated accounts of BUPA and copies of these accounts can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3. Staff costs and directors' remuneration

The company had no employees during the year (2003 : nil) and consequently incurred no staff costs. No remuneration was paid to any of the directors for the year (2003 : £ nil).

BHS Leasing (1994) Limited

**Notes to the Financial Statements
for the year ended 31 December 2004**

4. Interest receivable and similar income

	2004 £	2003 £
Amounts receivable from Group undertakings	31,359	-
Corporation tax interest receivable	50	99
	<u>31,409</u>	<u>99</u>

5. Interest payable and similar charges

	2004 £	2003 £
Amounts payable from Group undertakings	<u>27,017</u>	<u>-</u>

6. Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities is stated after charging :</i>		
Auditors' remuneration:		
Audit	<u>1,500</u>	<u>2,345</u>

BHS Leasing (1994) Limited

Notes to the Financial Statements for the year ended 31 December 2004

7. Tax on profit/(loss) on ordinary activities

(i) Analysis of tax charge/(credit) in year

	2004 £	2003 £
Current tax		
UK corporation tax on profit/(losses) for the year	868	252,101
Adjustments in respect of prior periods	<u>(252,101)</u>	<u>-</u>
	(251,233)	252,101
Deferred tax		
Origination and reversal of timing differences	-	(252,725)
Adjustments in respect of prior periods	<u>429,854</u>	<u>-</u>
	178,621	(624)
Tax on profit/(loss) on ordinary activities	<u>178,621</u>	<u>(624)</u>

(ii) Factors affecting the tax charge

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

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	<u>2,892</u>	<u>(2,246)</u>
Tax charge/(credit) on profit/(loss) on ordinary activities at 30'	868	(674)
Effects of:		
Expenses not deductible for tax purposes	-	50
Capital allowances for the year in excess of depreciation	-	(142,957)
Deferred tax on short term and other timing differences	-	395,682
Adjustments to tax charge in respect of prior periods	<u>(252,101)</u>	<u>-</u>
Total current tax charge for the year	<u>(251,233)</u>	<u>252,101</u>

BHS Leasing (1994) Limited

Notes to the Financial Statements for the year ended 31 December 2004

8. Debtors	2004 £	2003 £
Amounts falling due within one year:		
Amounts owed by Group undertakings	860,074	831,060
Other debtors	238,087	238,087
	<u>1,098,161</u>	<u>1,069,147</u>

Amounts falling due after more than one year:

Deferred taxation	<u>-</u>	<u>429,854</u>
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Deferred taxation

Deferred tax assets/(liabilities) are analysed as follows:

	2004 £	2003 £
Depreciation in excess of capital allowances claimed	<u>-</u>	<u>429,854</u>

The movement for the year in net deferred tax asset is as follows:

At 1 January 2004	429,854
Deferred tax credit for the period	(429,854)
	<u>-</u>
At 31 December 2004	<u>-</u>

9. Creditors - amounts falling due within one year :

	2004 £	2003 £
Amounts owed to Group undertakings	743,012	432,151
Taxation	868	535,944
Other creditors	-	220
Accruals and deferred income	<u>1,500</u>	<u>2,345</u>
	<u>745,380</u>	<u>970,660</u>

BHS Leasing (1994) Limited

Notes to the Financial Statements for the year ended 31 December 2004

10. Share capital

	2004 £	2003 £
Authorised		
100,001 ordinary shares of £1 each	<u>100,001</u>	<u>100,001</u>
Allotted, called-up and fully paid		
100,001 ordinary shares of £1 each	<u>100,001</u>	<u>100,001</u>

11. Reserves

	Profit and loss account £
At 1 January 2004	494,129
Retained loss	(175,729)
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At 31 December 2004	<u>318,400</u>

12. Contingent liabilities

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

13. Securitisation

The company has granted first fixed and first floating ranking security over all the property, undertaking and assets of the company as part of the corporate securitisation that took place in July 2002. For further details please refer to the accounts of the company's immediate parent, BUPA Hospitals Limited.