

BUPA Power & Leasing Limited

(Registered No. 2507866)

Directors' Report and Financial Statements

For the Year Ended 31 December 2004



BUPA Power & Leasing 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 was the centralised purchasing of fuel and power on behalf of other group companies.

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 and before dividends, amounted to £226,925 (2003 - profit £1,052,490).

No ordinary dividend has been proposed for 2004 (2003 - £300,000).

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.

BUPA Power & Leasing Limited

Report of the directors

for the year ended 31 December 2004 - continued

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



J P Sanders
Secretary

BUPA Power & Leasing 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.

BUPA Power & Leasing Limited

Independent auditors' report to the members of BUPA Power & Leasing Limited

We have audited the financial statements on pages 5 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 3, 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

4 March 2005

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

BUPA Power & Leasing Limited

Profit and loss account for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Turnover		2,328,606	1,867,247
Operating expenses	4	<u>(2,431,836)</u>	<u>(965,914)</u>
Operating (loss)/profit		(103,230)	901,333
Interest receivable and similar income	5	706,748	602,224
Interest payable and similar charges	6	<u>(272,677)</u>	<u>-</u>
Profit on ordinary activities before taxation	7	330,841	1,503,557
Tax on profit on ordinary activities	8	<u>(103,916)</u>	<u>(451,067)</u>
Profit on ordinary activities after taxation		226,925	1,052,490
Dividend paid	9	-	(300,000)
Retained profit for the financial year		<u>226,925</u>	<u>752,490</u>

The operating (loss)/profit is all derived from continuing operations.

There were no recognised gains and losses other than the result 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 8 to 14 form part of these financial statements.

BUPA Power & Leasing Limited

Balance sheet as at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	10	-	15,544
Current assets			
Debtors : amounts falling due:			
within one year	11	161,023	831,210
after more than one year	11	15,371,436	15,382,414
		15,532,459	16,213,624
Cash at bank and in hand		-	45,487
		15,532,459	16,259,111
Creditors : amounts falling due within one year	13	(14,526,517)	(15,495,638)
Net current assets		1,005,942	763,473
Net assets		1,005,942	779,017
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account	15	1,005,940	779,015
Equity shareholders' funds		1,005,942	779,017

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 8 to 14 form part of these financial statements.

BUPA Power & Leasing Limited**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004**

	2004 £	2003 £
Profit for the financial year	226,925	1,052,490
Dividends	-	(300,000)
Net addition to shareholders' funds	<hr/> 226,925	<hr/> 752,490
Opening shareholders' funds	779,017	26,527
Closing shareholders' funds	<hr/> <hr/> 1,005,942	<hr/> <hr/> 779,017

BUPA Power & Leasing Limited

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, 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.

Turnover

Turnover represents the total amount earned by the company in the ordinary course of business with other group undertakings for goods supplied and services rendered after deducting trade discounts and value added tax, where applicable. All turnover arises within the United Kingdom.

BUPA Power & Leasing Limited

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

1. Accounting policies - continued

Fixed assets and depreciation

Fixed assets are stated at cost. Assets are depreciated so as to write off the cost by equal instalments over their estimated economic lives, as follows:

Equipment - 5 - 10 years

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 where the surrender of losses is between companies within the subgroup headed by BUPA Hospitals (Holdings) Limited.

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of BUPA Power & Leasing 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 BUPA Power & Leasing 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 BUPA Power & Leasing Limited is The British United Provident Association Limited (BUPA), a company registered in England and Wales. The results of BUPA Power & Leasing 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.

BUPA Power & Leasing Limited

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

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).

4. Operating expenses

	2004 £	2003 £
Operating expenses	2,431,836	4,458,754
Exceptional credit	<u>-</u>	<u>(3,492,840)</u>
	<u>2,431,836</u>	<u>965,914</u>

In previous years the company had provided against the potential non recovery of input VAT on heat, light and power supplied to BUPA Hospitals Limited (BHL). During 2003 BHL agreed that it would reimburse the company for all such VAT. The exceptional credit relates to the recovery of amounts charged in prior years.

5. Interest receivable and similar income

	2004 £	2003 £
Receivable from Group undertakings	<u>706,748</u>	<u>602,224</u>

6. Interest payable and similar charges

	2004 £	2003 £
Payable to Group undertakings	<u>272,677</u>	<u>-</u>

7. Profit on ordinary activities before taxation

	2004 £	2003 £
<i>Profit on ordinary activities is stated after charging:</i>		
Depreciation	15,544	-
Auditors' remuneration	<u>6,600</u>	<u>3,850</u>

BUPA Power & Leasing Limited

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

8. Tax on profit on ordinary activities

(i) Analysis of tax charge in year

	2004 £	2003 £
Current tax		
UK corporation tax on profits for the year	80,355	419,652
Deferred tax		
Origination and reversal of timing differences	23,561	31,415
	<hr/>	<hr/>
Tax on profit on ordinary activities	103,916	451,067

(ii) 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 taxation	<hr/> 330,841	<hr/> 1,503,557
Tax charge on profit on ordinary activities at 30%	99,252	451,067
Effects of:		
Capital allowances for the year in excess of depreciation	(23,561)	(31,415)
Expenses not deductible for tax purposes	4,664	-
	<hr/>	<hr/>
Total current tax charge for the year	80,355	419,652

9. Dividends

	2004 £	2003 £
Equity shares		
Final dividend paid	<hr/> -	<hr/> 300,000

BUPA Power & Leasing Limited

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

10. Tangible fixed assets

	Equipment
Cost	£
At 1 January and at 31 December 2004	<u>221,178</u>
Depreciation	
At 1 January 2004	205,634
Charge for the year	15,544
	<u>221,178</u>
Net Book Value	
At 31 December 2004	<u>-</u>
At 31 December 2003	<u>15,544</u>

11. Debtors	2004 £	2003 £
Amounts falling due within one year :		
Other debtors	156,200	831,210
Prepayments and accrued income	<u>4,823</u>	<u>-</u>
	<u>161,023</u>	<u>831,210</u>
	2004 £	2003 £
Amounts falling due after more than one year :		
Amounts owed by Group undertakings	15,305,416	15,292,833
Deferred tax (see note 12)	<u>66,020</u>	<u>89,581</u>
	<u>15,371,436</u>	<u>15,382,414</u>

BUPA Power & Leasing Limited

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

12. Deferred taxation

Deferred tax assets and liabilities are analysed as follows:

	2004 £	Provided 2003 £
Accelerated capital allowances	<u>66,020</u>	<u>89,581</u>

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

	2004 £
At 1 January 2004	89,581
Deferred tax charge for the year	<u>(23,561)</u>
At 31 December 2004	<u>66,020</u>

The net deferred tax asset is included within debtors (see note 11).

13. Creditors - amounts falling within one year :

	2004 £	2003 £
Bank overdraft	521,574	-
Payments received on account	7,146,728	7,904,101
Amounts owed to Group undertakings	6,416,182	7,018,940
Corporation tax	80,355	419,652
Trade creditors	297,281	88,099
Other creditors	50,482	50,482
Accruals and deferred income	<u>13,915</u>	<u>14,364</u>
	<u>14,526,517</u>	<u>15,495,638</u>

Payments received on account represent prepayments for services to be rendered to Group undertakings.

BUPA Power & Leasing Limited

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

14. Share capital	2004	2003
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

15. Reserves

	Profit and loss account £
At 1 January 2004	779,015
Retained profit	226,925
	<u>1,005,940</u>
At 31 December 2004	

16. 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.

17. 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.