

**GENERAL LEASING LIMITED**

**(Registered No. 4300352 )**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2004**



# **GENERAL 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 is leasing to 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**

The loss for the year, before taxation, amounted to £2,978,969. (2003 - £2,992,536).

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  
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. Conversion to 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

10 March 2005

By Order of the Board



A D Walford  
Secretary

## **GENERAL LEASING 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.

## **REPORT OF THE INDEPENDENT AUDITORS**

### **TO THE MEMBERS OF GENERAL LEASING 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 loss 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  
10th March 2005

**GENERAL LEASING LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

	<i>Note</i>	2004 £	2003 £
<b>Turnover</b>		795,252	1,026,642
Operating expenses		<u>(169,987)</u>	<u>(172,919)</u>
<b>Operating profit</b>		625,265	853,723
Interest payable and similar charges	4	(3,985,756)	(3,846,259)
Interest receivable	5	<u>381,522</u>	<u>-</u>
<b>Loss on ordinary activities before taxation</b>	6	(2,978,969)	(2,992,536)
Tax on loss on ordinary activities	7	<u>862,327</u>	<u>865,544</u>
<b>Loss for the financial year</b>		<u><u>(2,116,642)</u></u>	<u><u>(2,126,992)</u></u>

The operating loss is all derived from continuing operations.

There were no recognised gains and losses other than the loss for the 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.

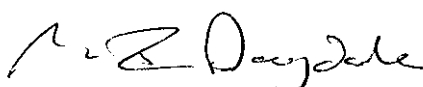
# GENERAL LEASING LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2004

	Note	2004 £	2003 £
<b>Intangible Fixed Assets</b>	8	836,372	940,918
<b>Current assets</b>			
<b>Debtors: amounts falling due:</b>			
within one year	9	20,735,850	15,958,709
after one year	9	62,055,120	66,199,115
		82,790,970	82,157,824
Cash at bank and in hand		1,376	1,239,001
		<u>82,792,346</u>	<u>83,396,825</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,400,598)</u>	<u>(7,272,003)</u>
<b>Net current assets</b>		76,391,748	76,124,822
<b>Creditors: amounts falling due after more than one year</b>	12	(83,887,067)	(81,608,171)
<b>Provisions for liabilities and charges</b>	14	<u>(27,360)</u>	<u>(27,233)</u>
<b>Net liabilities</b>		<u><u>(6,686,306)</u></u>	<u><u>(4,569,664)</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account	16	<u>(6,686,307)</u>	<u>(4,569,665)</u>
<b>Equity shareholders' funds</b>		<u><u>(6,686,306)</u></u>	<u><u>(4,569,664)</u></u>

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



M I Dugdale  
Director

The accounting policies and notes on pages 7 to 13 form part of these Financial Statements.

**GENERAL LEASING LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004 £	2003 £
Loss for the year	(2,116,642)	(2,126,992)
Net reduction to shareholders' funds	(2,116,642)	(2,126,992)
Opening shareholders' deficit	(4,569,664)	(2,442,672)
Closing shareholders' deficit	(6,686,306)	(4,569,664)

**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 rules, and on a going concern basis in view of the letter of support from BUPA Investments Limited, which undertakes to provide 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 and service charges. All turnover arises within the United Kingdom.

**(d) Related party transactions**

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited, 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.

**(e) Taxation**

The charge for taxation is based on the result for the period 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 charges to tax only where the replacement assets are sold.

- 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 subsidiary undertakings are made on a full payment basis.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2004**

**STATEMENT OF ACCOUNTING POLICIES -continued**

**(f) Finance leases**

Assets acquired under finance leases are leased to other group undertakings under 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 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. This investment is classified as finance lease receivables.

The outstanding future lease obligations are shown in creditors. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

**(g) Estimation techniques**

The preparation of the accounts, as permitted by generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(h) Goodwill**

Goodwill arising on acquisition of the leasing business from BHS Leasing (1992) Limited (representing the excess of the fair value of the purchase consideration over the fair value of net assets acquired) is capitalised on the balance sheet and is amortised over its estimated useful economic life on a straight line basis.

# GENERAL LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

### 2. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of BUPA Investments Limited, which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited (BUPA), which is registered in England and Wales, in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements is available to the public from The Registrar of Companies, Cardiff, CF4 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 period.(2003: £nil)

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Intercompany interest payable	3,406,922	3,034,256
Finance charges payable under finance leases	578,834	812,003
	<u>3,985,756</u>	<u>3,846,259</u>

### 5. INTEREST RECEIVABLE

	2004 £	2003 £
Intercompany interest receivable	(381,522)	-
	<u>(381,522)</u>	<u>-</u>

### 6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
<i>Loss on ordinary activities is stated after charging/(crediting) :</i>		
Gross earnings under finance leases	(732,252)	(873,112)
Auditors' remuneration	3,240	3,240
Amortisation of goodwill	104,546	107,390
	<u></u>	<u></u>

The above gross earnings are receivable from Group undertakings.

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 £	2003 £
<b>(i) Analysis of credit</b>		
<i>Current tax</i>		
UK corporation tax on loss of the year	(856,436)	(854,626)
Adjustments in respect of prior periods	(6,018)	-
Total current tax	<u>(862,454)</u>	<u>(854,626)</u>
<i>Deferred tax</i>		
Origination of timing differences	(5,891)	(10,919)
Adjustments in respect of prior periods	6,018	-
Tax on loss on ordinary activities	<u>(862,327)</u>	<u>(865,544)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2004**

**7. TAX ON LOSS ON ORDINARY ACTIVITIES - continued**

**(ii) Factors affecting the tax credit**

The tax credit for the year is lower than the standard rate of corporation tax in the UK of 30%.

The differences are explained below:

	2004 £	2003 £
Loss on ordinary activities before tax	<u>(2,978,969)</u>	<u>(2,992,536)</u>
Tax credit on loss on ordinary activities at 30%	(893,691)	(897,761)
Effects of:		
Expenses not deductible for tax purposes	31,364	32,216
Accelerated capital allowances	(1,055,553)	-
Adjustments to tax credit in respect of prior periods	(6,018)	-
Deferred tax on short term and other timing differences	1,061,444	10,919
Total current tax credit	<u>(862,454)</u>	<u>(854,626)</u>

**8. INTANGIBLE FIXED ASSETS**

**Goodwill**

	2004 £	2003 £
<b>Cost</b>		
At the beginning of the year	<u>1,150,011</u>	<u>1,150,011</u>
At the end of the year	<u>1,150,011</u>	<u>1,150,011</u>
<b>Amortisation</b>		
At the beginning of the year	(209,093)	(101,703)
Charge for the year	(104,546)	(107,390)
At the end of the year	<u>(313,639)</u>	<u>(209,093)</u>
<b>Net Book Value</b>		
At 31 December	<u>836,372</u>	<u>940,918</u>

Amortisation of goodwill is over a period of eleven years, the estimated economic life of the leasing operations acquired. This is in accordance with the Group's accounting policies.

# GENERAL LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

9. DEBTORS	2004 £	2003 £
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings:		
Finance lease receivables	3,760,356	4,867,892
Other	3,137,644	1,542,566
Payments on account	4,139,131	6,887,918
Prepayments and accrued income	9,698,719	2,660,333
	<u>20,735,850</u>	<u>15,958,709</u>

Included in prepayments and accrued income are payments to Group undertakings for future services.

	2004 £	2003 £
<b>Amounts falling due after more than one year:</b>		
Finance lease receivables - from group undertakings:	4,824,913	5,963,211
Payments on account	57,230,207	60,235,904
	<u>62,055,120</u>	<u>66,199,115</u>

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

10. INVESTMENTS IN FINANCE AGREEMENTS	2004 £	2003 £
The company's investments in finance leases can be allocated as follows :		
Minimum lease payments	11,178,397	14,166,490
Finance allocated to future periods	(2,593,128)	(3,335,343)
	<u>8,585,269</u>	<u>10,831,147</u>
Of which due within one year	<u>3,760,356</u>	<u>4,867,892</u>
Lease payments receivable in year	<u>5,009,347</u>	<u>6,469,214</u>
Cost of equipment acquired during the year	<u>2,949,455</u>	<u>4,053,944</u>

The equipment was not held at 31 December 2004 as it was leased to other group undertakings during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2004**

<b>11. CREDITORS - amounts falling due within one year :</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings:		
Obligations under finance leases	3,740,024	4,839,736
Other	(854,543)	2,662
Accruals and deferred income	3,515,117	2,429,605
	<u>6,400,598</u>	<u>7,272,003</u>

**12. CREDITORS - amounts falling due after more than one year :**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Amounts owed to Group undertakings:		
Obligations under finance leases	4,754,046	5,880,529
Other	79,133,021	75,727,642
	<u>83,887,067</u>	<u>81,608,171</u>

**13 OBLIGATIONS UNDER FINANCE LEASES**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
The maturity of obligations under finance leases is as follows :		
Within one year	4,139,131	5,345,354
Between two and five years	4,861,841	5,911,209
After more than five years	244,662	453,331
	<u>9,245,634</u>	<u>11,709,894</u>
Less : finance charges allocated to future periods	(751,564)	(989,629)
	<u>8,494,070</u>	<u>10,720,265</u>
Creditors falling due within one year	3,740,024	4,839,736
Creditors falling due after one year	4,754,046	5,880,529
	<u>8,494,070</u>	<u>10,720,265</u>

**GENERAL LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2004**

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	2004	2003
	£	£
Deferred tax assets and liabilities are analysed as follows:		
Accelerated capital allowances	27,360	27,233
	<u>27,360</u>	<u>27,233</u>

The movement for the period in the net deferred tax provision is as follows:

	2004	2003
	£	£
At beginning of year	27,233	38,152
Deferred tax charge/(credit) for the year	127	(10,919)
At end of year	<u>27,360</u>	<u>27,233</u>

**15. SHARE CAPITAL**

	2004	2003
	£	£
<b>Authorised</b>		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called-up and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**16. RESERVES**

	Profit and loss account £
At the beginning of the year	(4,569,665)
Loss for the financial year	(2,116,642)
At the end of the year	<u>(6,686,307)</u>

**17. 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.

Under a group registration the company is jointly and severally liable for value added tax due by certain other group companies.