

NHP SECURITIES NO. 4 LIMITED

Report and Financial Statements

30 September 2000



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Colvin, CA	Executive Director
W J Davies, ARICS	Executive Director
D F Francis, FCA	Executive Director

SECRETARY

A R Kilmartin, FCA

REGISTERED OFFICE

6 Broad Street Place
Blomfield Street
London EC2M 7JH

BANKERS

Bank of Scotland
Centrebank Division
Teviot House
41 South Gyle Crescent
Edinburgh EH12 9BF

National Westminster Bank Plc
Norwich City Office
45 London Street
Norwich NR2 1HX

SOLICITORS

Eversheds
Holland Court
The Close
Norwich NR1 4DX

AUDITORS

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2000.

PRINCIPAL ACTIVITY

The principal activity of NHP Securities No.4 Limited ("the Company") is the holding of a 50.01 per cent interest in the LLNHP Partnership. The principal activity of the LLNHP Partnership was the holding of freehold interests in modern purpose-built care homes which are leased back to care home operators.

The Company is one of the two partners in the LLNHP Partnership. There is no further trading proposed for the LLNHP Partnership.

BUSINESS REVIEW

NHP Securities No.4 Limited is a wholly owned subsidiary of NHP Plc, which is the only listed UK property investment group specialising in the purchase and leaseback of modern purpose-built care homes to care home operators. No trading took place during the year with LLNHP.

RESULTS

The results for the year ended 30 September 2000 are set out in the consolidated profit and loss account on page 6.

DIVIDENDS

No dividends in respect of the year are proposed (1999 - £1,906,952, which amounted to £953,476 per share).

GOING CONCERN

The Directors, having made appropriate enquiries, are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The Directors who served during the year were as follows:

		<u>Date Appointed</u>	<u>Date Resigned</u>
W Colvin	Executive Director	7 September 2000	
W Colvin	Executive Director	18 January 2000	30 June 2000
W J Davies	Executive Director	13 October 1997	
D F Francis	Executive Director	13 October 1997	
R J Ellert	Chairman/Chief Executive	13 October 1997	31 August 2000
P H S Smith	Executive Director	27 January 1998	21 January 2000

The current Directors of the Company are detailed on page 1.

No Director has, or had, any interests in the shares of the Company. No Director holds a service contract with the Company and there is no share option scheme in existence.

The Directors' interests in the shares of the parent company are disclosed in that company's financial statements.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


A R Kilmartin, FCA
Secretary

24 January 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of the profit or loss of the Group 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF NHP SECURITIES NO. 4 LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of Directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

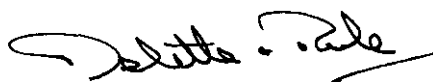
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 and the Group'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 and the Group as at 30 September 2000 and of the result of the Group for the year ended 30 September 2000 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

24 January 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 2000

	Note	2000 £	1999 £
TURNOVER AND GROSS PROFIT	2	-	2,192,027
Administrative expenses		-	(52,138)
OPERATING PROFIT	3	-	2,139,889
Net interest payable and similar charges	4	-	(2,817,049)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(677,160)
Tax on loss on ordinary activities	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(677,160)
Equity minority interest		-	310,693
LOSS FOR THE FINANCIAL YEAR		-	(366,467)
Dividends paid	6	-	(1,906,952)
Transfer from reserves for the financial year		-	(2,273,419)

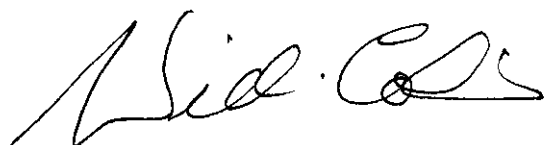
Turnover and operating loss are wholly derived from continuing operations.

CONSOLIDATED BALANCE SHEET
30 September 2000

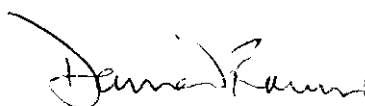
	Note	2000 £	1999 £
CURRENT ASSETS			
Cash at bank and in hand		1,002	1,002
		<u>1,002</u>	<u>1,002</u>
CREDITORS: amounts falling due within one year			
		-	-
		<u>-</u>	<u>-</u>
NET CURRENT ASSETS		<u>1,002</u>	<u>1,002</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,002	1,002
Equity minority interest	8	(499)	(499)
		<u>(499)</u>	<u>(499)</u>
NET ASSETS		<u>503</u>	<u>503</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	501	501
		<u>501</u>	<u>501</u>
EQUITY SHAREHOLDERS' FUNDS		<u>503</u>	<u>503</u>

These financial statements were approved by the Board of Directors on 24 January 2001.

Signed on behalf of the Board of Directors



W Colvin
Chief Executive



D F Francis
Executive Director

COMPANY BALANCE SHEET
30 September 2000

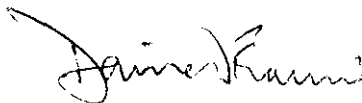
	Note	2000 £	1999 £
CURRENT ASSETS			
Cash at bank and in hand		2	2
NET CURRENT ASSETS		2	2
TOTAL ASSETS		2	2
CREDITORS: amounts falling due after more than one year		-	-
NET ASSETS		2	2
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	-	-
EQUITY SHAREHOLDERS' FUNDS		2	2

These financial statements were approved by the Board of Directors on 24 January 2001.

Signed on behalf of the Board of Directors



W Colvin
Chief Executive



D F Francis
Executive Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 September 2000

	2000 £	1999 £
Loss for the year	-	(366,467)
Net deficit on revaluation of investment properties	-	(135,027)
	<hr/>	<hr/>
Total recognised losses for the financial year	-	(501,494)
	<hr/>	<hr/>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 30 September 2000

	2000 £	1999 £
Loss for the year	-	(366,467)
Dividends paid	-	(1,906,952)
	<hr/>	<hr/>
	-	(2,273,419)
Net deficit on revaluation of investment properties	-	(135,027)
	<hr/>	<hr/>
Net decrease in shareholders' funds	-	(2,408,446)
Shareholders' funds at the beginning of the year	503	2,408,949
	<hr/>	<hr/>
Shareholders' funds at the end of the year	503	503
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 30 September 2000

	2000 £	1999 £
Loss on ordinary activities before taxation and minority interest	-	(677,160)
Realisation of valuation gains on disposal of investment properties	-	2,183,237
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation and minority interest	-	1,506,077
	<hr/>	<hr/>
Historical cost loss for the year after taxation, minority interests and dividends	-	(90,182)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings, and in accordance with all applicable accounting standards. The particular accounting policies adopted are described below. The financial statements are in compliance with the Companies Act 1985.

The company did not trade during the current year and has made neither profit nor loss, nor any other recognised gain or loss.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and those of the LLNHP Partnership (the "Partnership").

Finance costs

Costs, which are incurred directly in connection with the raising of bank loans, are amortised over the life of the loan facility in accordance with Financial Reporting Standard No. 4.

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis.

2. TURNOVER

Turnover comprised rental income earned from the Group's ordinary activities, which took place wholly within the United Kingdom.

3. ADMINISTRATIVE EXPENSES

The Group had no employees during the year or preceding year.

The Directors are executives of the holding company NHP Plc and its subsidiary companies. The Directors received total emoluments of £850,086 from NHP Plc during the year (1999: £1,063,293), but it is not practicable to allocate this between their services to individual NHP Plc group companies. In addition to their emoluments, five (1999: four) of the Directors received contributions towards their money purchase pension arrangements. Contributions totalled £124,875 in the year (1999: £116,400).

R J Ellert resigned on 31 August 2000 and received £265,000 from NHP Plc as compensation for loss of office.

Administrative expenses is arrived at after charging:

	2000	1999
	£	£
Group management fees	-	26,707
Audit fees - audit services	-	4,638
	<hr/>	<hr/>

4. NET INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Interest payable on bank loans	-	1,132,377
Interest payable to NHP Plc in respect of loan notes	-	167,789
Finance costs on termination of bank facilities and related swaps	-	1,324,721
Other finance costs (net)	-	217,993
Interest receivable on deposits	-	(25,831)
	<hr/>	<hr/>
	-	2,817,049
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability for mainstream corporation tax because there was no trading during the year and a loss arose in the year ended 30 September 1999.

There is no provided or unprovided deferred tax liability as the assets were transferred to another group company, NHP Securities No.3 Limited, during the year ended 30 September 1999.

6. DIVIDENDS

No dividends in respect of the year are proposed (1999 - £1,906,952, which amounted to £953,476 per share).

7. PARENT COMPANY PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Profit for the financial year	-	1,864,606

The Company has taken advantage of s.230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not presented.

8. EQUITY MINORITY INTEREST

Equity minority interest represents LLNH Limited's 49.99% holding in LLNHP Partnership.

9. CALLED UP SHARE CAPITAL

Group and Company	2000 £	1999 £
Authorised:		
100 ordinary shares at £1 each	100	100
Called up, allotted and fully paid:		
2 ordinary shares at £1 each	2	2

10. RESERVES

	Profit and loss account £
Group	
At 1 October 1999 and 30 September 2000	501
Company	
At 1 October 1999 and 30 September 2000	-

11. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other undertakings within the NHP Plc Group have not been disclosed in these financial statements.

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

12. ULTIMATE PARENT COMPANY

The immediate parent and ultimate controlling company is NHP Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the Group consolidated financial statements, which include the results of the Company, are available from the Company Secretary, 6 Broad Street Place, Blomfield Street, London EC2M 7JH.