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Registered in England No: 3649465

INVESTORS FINANCE COMPANY (HOLDINGS) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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Directors, Advisors and Other Information

Directors and Officers

Current Directors:

Capita Trust Company Limited
Capita Trust Corporate Services Limited

Secretary

TB Symes

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Place of Business

No 1 Poultry
London EC2R 38EJ

Registered No. 3649465

Directors' Report

The Directors present their annual report and the audited financial statements of Investors Finance Company (Holdings) Limited, 'the Company, for the year ended 31 December 2009

Directors

The current Directors and those in office during the year are as follows

Capita Trust Company Limited
Capita Trust Corporate Services Limited

Principal activity and business review

Investors Finance Company (Holdings) Limited is a holding company for the finance Company, Investors Finance Company Plc

The Directors have reviewed the activities of the business for the period and the position as at 31 December 2009 and consider them to be satisfactory

At the balance sheet date the Company had net liabilities of £40,210 (2008 £34,131) The Company is supported by The Norwich Union Public Private Partnership Fund to carry out long term investments and the Directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due Accordingly the financial statements have been drawn up on a going concern basis

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

The Directors expect the level of activity to be maintained in the foreseeable future

Results and dividends

The profit and loss account for the year is set out on page 8

The Directors do not recommend the payment of a dividend for the year (2008 £nil)

Financial risk management

The Company's principal financial instrument comprises a loan The purpose of the financial instrument is to finance the operations of the Company

The principal risks arising from the Company's financial instrument are interest rate risk and liquidity risk The Directors review these risks and develop policies for managing each type of risk as follows

- Interest rate risk - the loan has been issued at a fixed rate of interest
- Liquidity risk - the Company is supported by The Norwich Union Public Private Partnership Fund
- Credit risk - the Company has a fixed long term PFI agreement

Directors' Report (continued...)

Directors' interests

The requirement for Directors to disclose their interests in the Company's ultimate holding company was repealed by the Companies Act 2006

Directors' liabilities

The provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report by virtue of the transitional provisions to the Companies Act 2006.

Creditor payment policy and practice

It is the Company's policy that payment to suppliers for goods and services to the Company are made approximately 30 days from receipt of valid invoice unless agreed otherwise as part of a contractual agreement.

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office.

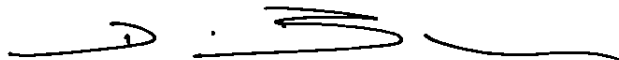
Disclosure of Information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



Capita Trust Corporate Services Limited (Director)

Date: 16 JUN 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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, 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report

Independent auditors' report to the members of Investors Finance Company (Holdings) Limited

We have audited the Company's financial statements for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

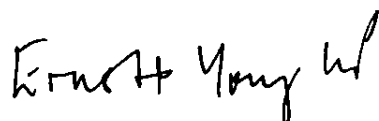
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Auditors' Report (continued...)

Opinion Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



Ratan Engineer (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
16 June 2010

Profit and Loss account

For the year ended 31 December 2009

	Note	2009 £	2008 £
Administrative expenses	2	(8,880)	(4,073)
Operating profit		<u>(8,880)</u>	<u>(4,073)</u>
Interest payable and similar charges	3	(29)	-
Loss on ordinary activities before taxation		<u>(8,909)</u>	<u>(4,073)</u>
Taxation	4	2,830	-
Loss for the financial year	10	<u>(6,079)</u>	<u>(4,073)</u>

All amounts relate to continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 10 to 14 form part of these financial statements

Balance sheet

As at 31 December 2009

Company number 3649465

	Note	2009 £	2008 £
Fixed Assets			
Investments	5	50,000	50,000
Current assets			
Debtors amounts falling due within one year	6	2	2
Creditors: amounts falling due within one year	7	<u>(90,212)</u>	<u>(84,133)</u>
Net current liabilities		<u>(90,210)</u>	<u>(84,131)</u>
Net liabilities		<u>(40,210)</u>	<u>(34,131)</u>
Capital and reserves			
Called up share capital	9	2	2
Retained earnings	10	<u>(40,212)</u>	<u>(34,133)</u>
Equity shareholders' deficit	10	<u>(40,210)</u>	<u>(34,131)</u>

The financial statements of Investors Finance Company (Holdings) Limited, registered number 3649465, were approved and authorised for issue by the Board and were signed on its behalf by



Capita Trust Corporate Services Limited (Director)

Date: 16 JUN 2010

The notes on pages 10 to 14 form part of these financial statements

Notes to the financial statements

For the year ended 31 December 2009

1 Principal accounting policies**1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention. The accounting policies set out below, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

1.2 Going concern

At the balance sheet date the Company had net liabilities £40,210 (2008: £34,131). The Company is supported by The Norwich Union Public Private Partnership Fund to carry out long term investments and the Directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due. Accordingly the financial statements have been drawn up on a going concern basis.

1.3 Consolidation

The Company has one wholly owned subsidiary undertaking, Investors Finance Company Plc. The operations of this Company are controlled by another entity NUPPP (Care Technology and Learning Centres) Limited. Long-term restrictions hinder the exercise of the rights of Investors Finance Company (Holdings) Limited over the management of this undertaking and, therefore, consolidated financial statements have not been prepared in accordance with section 398 of the Companies Act 2006.

1.4 Cash flow statement

The Company is a wholly owned subsidiary of the Norwich Union Public Private Partnership Fund and is included in the consolidated financial statements of that entity. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised), "Cash Flow Statements".

1.5 Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred Taxation". Deferred tax assets are recognised to the extent that it is regarded as more likely than not profits will be available against which they can be realised.

1.6 Financial Instruments

The Company's principal financial instruments comprise bonds and cash deposits. The purpose of these financial instruments is to finance the operations of private finance initiatives. The Company has not included short-term debtors or short-term creditors in its disclosure of financial instruments.

Income and expenditure on interest bearing financial instruments are recognised on an accruals basis.

The Company had no derivative financial instruments during the year and does not trade in financial instruments.

The principal risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review these risks and develop policies for managing each type of risk as follows:

- Interest rate risk – the Company issues bonds to private investors and lends funds to private finance initiatives, both at fixed rates of interest. Cash balances carry floating rates of interest.
- Liquidity risk – the Company balances the funding from private investors against amounts on-loaned to private finance initiatives.
- Credit risk – the Company lends funds to private finance initiatives, the risk of recoverability is mitigated by the long term PFI agreements between special purpose vehicles, to which the Company has extended loans and the NHS Trust.

Notes to the financial statements (continued...)

For the year ended 31 December 2009

1.7 Investments

Fixed asset investments are included in the financial statements at cost. Provision is made for any permanent diminution in value.

1.8 Other payables

Other payables are recognised on an accruals basis.

2 Administrative expenses

Auditors' remuneration for audit services was £4,620 (2008 £4,200)

No staff were directly employed by the Company (2008 nil)

The Directors received no emoluments for services to the Company for the financial year (2008 nil)

3 Interest payable and similar charges

	2009 £	2008 £
Bank interest and similar charges	29	-

4. Tax on loss on ordinary activities

	2009 £	2008 £
Current tax		
UK corporation tax credit in respect of prior periods	(2,830)	-
Deferred tax		
Accelerated capital allowances	-	-
Tax losses carried forward	(2,318)	(1,390)
Short term timing differences	-	-
Deferred tax assets not provided	2,318	1,390
Total deferred tax (see note 11)	-	-
Tax on loss on ordinary activities	(2,830)	-

Notes to the financial statements (continued...)

For the year ended 31 December 2009

4. Tax on loss on ordinary activities (continued)**Factors affecting current tax charge for the year**

The group has changed the basis on which it claims a tax deduction for the MMRF provision from an expenditure paid to an accruals basis. The change has resulted in corporation tax reclaimed and a current year profit and loss tax credit.

	2009	2008
	£	£
Loss on ordinary activities before tax	(8,909)	(4,073)
Current credit at standard UK corporation tax rate of 28% (2008 28.5%)	(2,495)	(1,161)
Effects of:		
Utilisation group relief	-	981
Losses carried forward	2,495	180
UK corporation tax in respect of prior periods	(2,830)	-
Total current tax credit (see above)	(2,830)	-

5 Investments

	2009	2008
	£	£
Cost at net book value		
At 1 January and 31 December 2009	50,000	50,000

Investments in group undertakings are stated at cost. The Company holds 99.9% of the ordinary share capital of Investors Finance Company Plc. Investors Finance Company Plc is a finance Company which has established a programme for the issue of credit enhanced bonds. The operations of Investors Finance Company Plc are controlled by NUPPP (Care Technology and Learning Centres) Limited which is an indirect wholly owned subsidiary of The Norwich Union Public Private Partnership Fund. Investors Finance Company Plc is therefore a quasi-sub subsidiary of NUPPP (Care Technology and Learning Centres) Limited. In accordance with FRS 5, "Reporting the substance of Transactions", the accounts of Investors Finance Company Plc are included in the consolidated financial statements of The Norwich Union Public Private Partnership Fund.

6. Debtors

	2009	2008
	£	£
Due within one year:		
Amounts owed by parent Company (note 13)	2	2

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Amounts owed to group undertakings (note 13)	85,802	77,103
Corporation tax	-	2,830
Accruals and deferred income	4,410	4,200
	90,212	84,133

Notes to the financial statements (continued...)

For the year ended 31 December 2009

8. Deferred taxation

	2009 £	2008 £
At 1 January	1,390	-
Credit for the year	2,318	1,390
At 31 December	3,708	1,390

The provision for deferred taxation is made up of:

	2009 £	2008 £
Accelerated capital allowances	-	-
Short term timing differences	-	-
Tax losses carried forward	3,708	-
	3,708	-

The above deferred tax assets have not been recognised because there is insufficient evidence under FRS 19, "Deferred Taxation", as to the availability of suitable taxable profits in the foreseeable future

9. Share capital

	2009 £	2008 £
Issued, allotted and fully paid 2 ordinary shares of £1 each	2	2

10. Reconciliation of movement in shareholders' deficit

	Share capital £	Retained earnings £	Total £
At 1 January 2009	2	(34,133)	(34,131)
Retained loss for the financial year	-	(6,079)	(6,079)
At 31 December 2009	2	(40,212)	(40,210)

11. Immediate parent undertaking

Royal Exchange Trust Company Limited, a company registered in England and Wales, holds the whole of the Company's share capital under a trust established for charitable purposes

12. Ultimate controlling party

Investors Finance Company (Holdings) Limited is ultimately controlled by Aviva plc. Aviva plc is a company registered in England No 2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

Notes to the financial statements (continued...)

For the year ended 31 December 2009

13 Related party transactions

The Company is considered by the Directors to be quasi-subsiary of NUPPP (Care Technology and Learning Centres) Limited, which is an indirect wholly owned subsidiary of The Norwich Union Public Private Partnership Fund

Net expenses of £8,909 (2008 £127 credit) were incurred by the Company during the year and settled on its behalf by companies in The Norwich Union Public Private Partnership Fund group. At the year end the Company had a balance of £35,802 (2008 £27,103) due to these companies

The Company did not enter into any related party transactions with Investors Finance Company Plc during the year (2008 £nil). Included in creditors at 31 December 2009 is an amount of £50,000 (2008 £50,000) due to Investors Finance Company Plc in respect of the Company's investment in this subsidiary undertaking

There were no other related party transactions entered into by the Company during the year. There were no contingent liabilities or commitments at the balance sheet date (2008 nil)