

**Investors in Health (Chichester No 6) Limited**

**Report and financial statements**

**for the period ended 31 December 2001**



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# **Investors in Health (Chichester No 6) Limited**

## **Report and financial statements for the period ended 31 December 2001**

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# **Investors in Health (Chichester No 6) Limited**

## **Directors' report for the period ended 31 December 2001**

The directors present their report and the audited financial statements of the company for the nine months ended 31 December 2001.

### **Change of accounting reference date**

During the period the company changed its accounting reference date to 31 December.

### **Principal activity and business review**

The company's principal activity was to build a mental health unit in Chichester under a private finance initiative ("PFI") with Sussex Weald and Downs NHS Trust ("NHS Trust"). The construction was completed in the year ended 31 March 2001. The company now provides facilities management services to this unit.

The directors have reviewed the activities of the business for the period and the position as at 31 December 2001 and consider them to be satisfactory.

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

### **Results and dividends**

The profit and loss account for the period is set out on page 5.

The directors do not recommend the payment of a dividend for the period (year ended 31 March 2001: £nil).

### **Directors and their interests**

The directors of the Company who held office during the period and to the date of this report are listed below:

SPV Management Limited	(resigned 23 May 2001)
Robin Baker	(resigned 23 May 2001)
Martin McDermott	(resigned 23 May 2001)
Piers Minoprio	(resigned 23 May 2001)
James Fairrie	(appointed 19 March 2001, resigned 23 May 2001)
Mill Properties Limited	(appointed 23 May 2001, resigned 7 February 2002)
Morley Fund Management Limited	(appointed 23 May 2001, resigned 7 February 2002)
I B Womack	(appointed 7 February 2002)
C J W Laxton	(appointed 7 February 2002)
J Gottlieb	(appointed 7 February 2002)
P Clark	(appointed 24 July 2002)

None of the directors held any disclosable beneficial interests in the company at 31 December 2001, or at any time during the period.

# **Investors in Health (Chichester No 6) Limited**

## **Directors' report for the period ended 31 December 2001 (continued)**

### **Policy on the payment of creditors**

It is the company's policy that payment to suppliers for goods and services to the company are made in accordance with the policies of Mill Properties Limited, the company's operations manager, and currently represents 30 days from receipt of a valid invoice.

### **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 at the end of the period and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 7 and 8, 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.

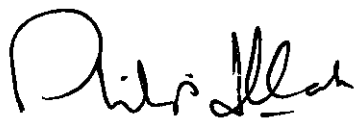
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

Ernst & Young LLP were appointed as auditors to the company following the resignation of PricewaterhouseCoopers. A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

### **Signed by order of the directors**

**P Clark  
Director**



Approved by the directors on 22 OCTOBER 2002

# **Investors in Health (Chichester No 6) Limited**

## **Independent auditors' report to the members of Investors in Health (Chichester No 6) Limited**

We have audited the company's financial statements for the period ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit 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 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.

# **Investors in Health (Chichester No 6) Limited**

## **Independent auditors' report to the members of Investors in Health (Chichester No 6) Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**  
**Registered Auditor**  
**London**

*28.12.2002*

# Investors in Health (Chichester No 6) Limited

## Profit and loss account for the period ended 31 December 2001

	Notes	Period ended 31 December 2001 £	Year ended 31 March 2001 £
Turnover	1	364,644	349,441
Cost of sales		(191,653)	(159,049)
<b>Gross profit</b>		<b>172,991</b>	<b>190,392</b>
Administrative expenses	2	(20,418)	(396,031)
<b>Operating profit/(loss)</b>	3	<b>152,573</b>	<b>(205,639)</b>
Interest receivable and similar income	5	10,637	9,606
Interest payable and similar charges	6	(129,872)	(202,917)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>33,338</b>	<b>(398,950)</b>
Tax on profit/(loss) on ordinary activities	7	-	(262)
<b>Profit/(loss) for the period</b>	12	<b>33,338</b>	<b>(399,212)</b>

All results are in respect of continuing activities.

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.

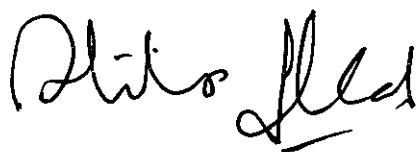
# Investors in Health (Chichester No 6) Limited

## Balance sheet as at 31 December 2001

	Notes	31 December 2001 £	31 March 2001 £
<b>Current assets</b>			
Debtors			
- due after more than one year	8	1,336,690	1,329,582
- due within one year	8	261,771	269,345
Cash at bank and in hand		477,070	386,490
		<u>2,075,531</u>	<u>1,985,417</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	<u>(148,978)</u>	<u>(94,738)</u>
<b>Net current assets</b>		<u>1,926,553</u>	<u>1,890,679</u>
<b>Total assets less current liabilities</b>		<u>1,926,553</u>	<u>1,890,679</u>
Creditors: amounts falling due after more than one year	10	<u>(2,694,832)</u>	<u>(2,692,296)</u>
<b>Net liabilities</b>		<u>(768,279)</u>	<u>(801,617)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Profit and loss account	12	(768,280)	(801,618)
<b>Equity shareholder's deficit</b>	13	<u>(768,279)</u>	<u>(801,617)</u>

The financial statements on pages 5 to 13 were approved by the board of directors on  
22 OCTOBER 2002 and signed on its behalf by:

P Clark  
Director





# **Investors in Health (Chichester No 6) Limited**

## **Notes to the financial statements for the period ended 31 December 2001**

### **1 Principal accounting policies**

#### **Basis of preparation**

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

Following the change of accounting reference date, the audited financial statements have been prepared for the nine month period ended 31 December 2001, with comparatives for the year ended 31 March 2001.

Financial Reporting Standard 18, 'Accounting Policies', effective for accounting periods ending on or after 22 June 2001 has been adopted. The directors have reviewed the company's accounting policies and consider that the financial statements are prepared in accordance with FRS18.

#### **Private finance initiative ("PFI")**

When the company enters the operational phase of the project to build and provide facilities management services to the mental health care unit, the property is leased under the PFI agreement to the NHS Trust. The company recognises the amount due from the NHS Trust in debtors after deducting finance charges allocated to future periods. The value of the receivable from PFI concession is based upon the expected repayments receivable from the NHS Trust after taking into account the residual value of the property at the end of the primary lease term.

The interest earned under the PFI agreement is calculated using the actuarial method to give a constant rate of return on the net cash investment. The interest is recognised in the profit and loss account over the primary term of the lease, which is thirty years.

The directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts due from the NHS Trust. This risk, however, is mitigated, as the repayments are fixed under the terms of the PFI agreement, after including an annual indexation factor.

The company has implemented the Finance & Leasing Association's Statement of Recommended Accounting Practice "Accounting Issues in the Asset Finance and Leasing Industry". This change has had no effect on profit before tax or the balance sheet.

# **Investors in Health (Chichester No 6) Limited**

## **Notes to the financial statements for the period ended 31 December 2001 (continued)**

### **1 Principal accounting policies (continued)**

#### **Going concern**

At the balance sheet date the company had net liabilities. The company is supported by The NUPPP 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.

#### **Cash flow statement**

The company is a wholly owned subsidiary of The NUPPP Fund (Limited Partnership) and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised).

#### **Turnover**

Turnover, which excludes value added tax, represents amounts invoiced to the NHS Trust in respect of facilities management services provided and other income earned under the PFI concession agreement. The amounts received under this PFI concession agreement include an element of service charge which will be recognised on a straight line basis over the 30 year term of the agreement.

#### **Deferred tax**

Taxation deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### **Finance costs**

Finance costs incurred in relation to the raising of loan finance are amortised to the profit and loss account over the period of the loan facility.

### **2 Administrative expenses**

Other operating income of £4,717, separately disclosed in the profit and loss account for the year ended 31 March 2001, has been more properly disclosed within administrative expenses and consequently the comparative for administrative expenses has been restated.

# Investors in Health (Chichester No 6) Limited

## Notes to the financial statements for the period ended 31 December 2001 (continued)

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	<b>E&amp;Y</b>	<b>PwC</b>	<b>Total</b>	<b>PwC</b>
	<b>Period ended</b>	<b>Period ended</b>	<b>Period ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Auditors' remuneration</b>				
Audit services	2,600	-	2,600	2,600
Non-audit services	-	13,570	13,570	18,160

In 2001 Ernst & Young LLP replaced PricewaterhouseCoopers as auditors of the company.

No staff were directly employed by the company (year ended 31 March 2001: nil).

### 4 Directors' emoluments

Directors' fees amounted to £1,623 (year ended 31 March 2001: £10,290) in respect of services to this company, the five other Investors in Health (Chichester) companies and Investors in the Community (Hackney) Limited. These fees are borne in full by Investors in Health (Chichester No 1) Limited.

### 5 Interest receivable and similar income

	<b>Period ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank interest	10,637	9,606

### 6 Interest payable and similar charges

	<b>Period ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank interest and similar charges	(549)	(1,152)
Interest payable on bank loan	-	(32,300)
Amortisation of issue costs of bank loan	-	(8,917)
Interest payable on other loans	(126,786)	(159,258)
Amortisation of issue costs of other loans	(2,537)	(1,290)
	<b>(129,872)</b>	<b>(202,917)</b>

# Investors in Health (Chichester No 6) Limited

## Notes to the financial statements for the period ended 31 December 2001 (continued)

### 7 Taxation on profit/(loss) on ordinary activities

	Period ended 31 December 2001 £	Year ended 31 March 2001 £
United Kingdom corporation tax at 30% (31 March 2001: 30%)	-	(262)

### 8 Debtors

	31 December 2001 £	31 March 2001 £
<b>Due after more than one year</b>		
Receivable from PFI concession (see below)	<u>1,336,690</u>	<u>1,329,582</u>
<b>Due within one year</b>		
Trade debtors	3,649	42,536
Amounts owed by group undertaking	1	1
Receivable from PFI concession (see below)	72,361	72,000
Other debtors	120,000	120,000
Prepayments and accrued income	65,760	34,808
	<u>261,771</u>	<u>269,345</u>

#### Receivable from PFI concession

The net amount receivable from PFI concession comprises:

Total amount receivable	3,549,831	3,613,853
Less: interest allocated to future periods	(2,140,780)	(2,212,271)
	<u>1,409,051</u>	<u>1,401,582</u>

The receivable from PFI concession due after more than one year includes an amount of £206,558, (31 March 2001: £267,979) in respect of timing differences between the amounts invoiced to the NHS Trust and the amounts required to achieve a constant rate of return on the net cash investment.

Amounts received during the period under this agreement amounted to £125,442 (year ended 31 March 2001: £136,716).

The total amount receivable from PFI concession comprises the amount due from the NHS Trust under the terms of the PFI agreement for the acquisition of the property from the company. This balance takes into account the residual value of the property at the end of the primary lease term, which is deemed to be £nil.

The cost of the asset incurred during the period for onward financing amounted to £nil (year ended 31 March 2001: £1,728,351).

# Investors in Health (Chichester No 6) Limited

## Notes to the financial statements for the period ended 31 December 2001 (continued)

### 9 Creditors: amounts falling due within one year

	31 December 2001 £	31 March 2001 £
Trade creditors	(34,410)	(27,056)
Amounts owed to group undertaking	(144)	-
Corporation tax	(262)	(262)
Other taxation and social security	(3,162)	(9,690)
Other creditors	(22,435)	(11,609)
Accruals and deferred income	(88,565)	(46,121)
	<u>(148,978)</u>	<u>(94,738)</u>

### 10 Creditors: amounts falling due after more than one year

	31 December 2001 £	31 March 2001 £
Loans	<u>(2,694,832)</u>	<u>(2,692,296)</u>

Loans totalling £2,416,832 (31 March 2001: £2,778,000) are provided by Investors Finance Company Plc. The remaining loans totalling £278,000 (31 March 2001: £nil) are provided by NU 3Ps Limited.

The loans provided by Investors Finance Company Plc are unsecured and repayable in full on 31 March 2029. Interest is charged on these loans at an annual rate of 6.5% (year ended 31 March 2001: average annual rate of 7.1%).

The loans provided by NU 3Ps Limited are unsecured, interest free and repayable in full on 31 March 2029.

Included in loans from NU 3Ps Limited is an amount of £278,000 (31 March 2001: £278,000) in respect of subordinated debt. In the event of the company being wound up, no amount will be paid in respect of this subordinated debt until all other creditors have been repaid in full.

Loans include an amount of £83,168 (31 March 2001: £85,704) in respect of unamortised issue costs. The gross loans total £2,778,000 (31 March 2001: £2,778,000).

# Investors in Health (Chichester No 6) Limited

## Notes to the financial statements for the period ended 31 December 2001 (continued)

### 11 Called up share capital

	31 December 2001 £	31 March 2001 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Issued, allotted and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 12 Profit and loss account

	£
At 1 April 2001	(801,618)
Profit for the period	33,338
<b>Retained loss at 31 December 2001</b>	<u><b>(768,280)</b></u>

### 13 Reconciliation of movements in shareholder's deficit

	Period ended 31 December 2001 £	Year ended 31 March 2001 £
Profit/(loss) for the period	33,338	(399,212)
Opening shareholder's deficit	(801,617)	(402,405)
<b>Closing shareholder's deficit</b>	<u><b>(768,279)</b></u>	<u><b>(801,617)</b></u>

### 14 Immediate parent undertaking

The directors regard The Investors Group Limited as the immediate parent undertaking.

# **Investors in Health (Chichester No 6) Limited**

## **Notes to the financial statements for the period ended 31 December 2001 (continued)**

### **15 Ultimate controlling party**

At the balance sheet date, the ultimate controlling party was Mill Group (GP) Limited as General Partner of the Fund. On 14 February 2002 NUPPP(GP) Limited, a subsidiary of CGNU plc, was appointed as the General Partner in its stead. The current ultimate controlling party of the Fund is therefore CGNU plc. CGNU plc is a company registered in England No. 2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

On 1 July 2002, the ultimate holding company, CGNU plc, changed its name to Aviva plc. However references within these accounts are to CGNU plc and the CGNU Group as they existed at 31 December 2001.

### **16 Related party transactions**

The company, being a wholly owned subsidiary of NU 3Ps Limited, has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of The Investors Group Limited.

Other related party transactions entered into by the company were as follows:

Rotch and Schrodgers, the ultimate controlling parties at 31 March 2001, charged a fee of £278,000 to the company in the year ended 31 March 2001. This amount was included in creditors at 31 March 2001. During the period this liability was re-assigned to CGNU plc, the new ultimate controlling party. The balance due to CGNU plc at 31 December 2001 is £278,000.

The company recharged expenses of £709 (year ended 31 March 2001: £4,717) to Rotch. There were no related amounts due at 31 December 2001 (31 March 2001: £nil).

The company was charged £1,639 (year ended 31 March 2001: £nil) by Schroder Investment Management Limited for professional fees. The liability in respect of this amount was settled by Schroder Investment Company Limited in the period.

### **17 Post balance sheet event**

In February 2002, Uberior Infrastructure Investments Limited, a subsidiary of HBOS plc, was admitted as a limited partner of the company's parent undertaking, the Norwich Union Public Private Partnership Fund, in conjunction with NUPPP(GP) Limited who took on the role of General Partner. Mill Group (GP) changed its name at this point to Mill Group (LP) Limited and was admitted as a Limited Partner to the Fund.

Under a loan agreement signed at the same time, HBOS plc undertook to provide the Loan Financing to the Fund.