

# **Investors in Health (Chichester No 5) Limited**

## **Annual Report**

**for the year ended 31 March 2001**



# **Investors in Health (Chichester No 5) Limited**

## **Contents**

	<b>Pages</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

# **Investors in Health (Chichester No 5) Limited**

## **Directors' report for the year ended 31 March 2001**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2001.

### **Principal activity**

The company's principal activity was to build a mental health unit in Chichester, which has now been completed. The company now provides facilities management services to this unit.

### **Review of business and future developments**

The company is now in the operational phase of the private finance initiative ("PFI") project and is providing facilities management services to the mental health unit.

The directors are satisfied with the year end financial position and expect the level of activity to be maintained in the foreseeable future.

### **Results and dividend**

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

The directors do not recommend the payment of a dividend (period ended 31 March 2000:£nil).

### **Directors and their interests**

The directors of the company who held office during the year are listed below:

SPV Management Limited

Robin Baker

James Brent (resigned 19 October 2000)

Thomas See (resigned 19 October 2000)

Philippa Roe (appointed 28 June 2000, resigned 19 October 2000)

Martin McDermott (appointed 19 October 2000)

Piers Minoprio (appointed 19 October 2000)

Philippa Roe acted as alternate director to James Brent.

The directors did not hold any disclosable beneficial interests in the company at 31 March 2001, or at any time during the year.

# Investors in Health (Chichester No 5) Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2001 and that applicable accounting standards have been followed.

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 1985. 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

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Director

22 MAY 2001

# **Investors in Health (Chichester No 5) Limited**

## **Independent auditors' report to the members of Investors in Health (Chichester No 5) Limited**

We have audited the financial statements on pages 5 to 13.

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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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.

# **Investors in Health (Chichester No 5) Limited**

## **Independent auditors' report to the members of Investors in Health (Chichester No 5) Limited (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London**

*22 May* 2001

# Investors in Health (Chichester No 5) Limited

## Profit and loss account for the year ended 31 March 2001

	Notes	Year to 31 March 2001 £	Period to 31 March 2000 £
Turnover	1	123,028	-
Cost of sales		(57,564)	-
<b>Gross profit</b>		<u>65,464</u>	<u>-</u>
Administrative expenses		(295,847)	(74,679)
Other operating income	2	<u>4,717</u>	<u>-</u>
<b>Operating loss</b>		<b>(225,666)</b>	<b>(74,679)</b>
Interest receivable and similar income	5	3,314	-
Interest payable and similar charges	6	<u>(156,982)</u>	<u>(27,752)</u>
<b>Loss on ordinary activities before taxation</b>	3	<b>(379,334)</b>	<b>(102,431)</b>
Tax on loss on ordinary activities	7	(532)	-
<b>Loss for the year</b>	13	<u><b>(379,866)</b></u>	<u><b>(102,431)</b></u>

Turnover and the loss on ordinary activities before taxation relate to 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.


Comparative figures are for the period from 14 October 1998 to 31 March 2000.

# Investors in Health (Chichester No 5) Limited

## Balance sheet at 31 March 2001

	Notes	2001 £	2000 £
<b>Tangible fixed assets</b>	8	-	458,117
<b>Current assets</b>			
Debtors			
- due after more than one year	9	1,873,484	-
- due within one year	9	315,986	33,626
Cash at bank and in hand		143,654	-
		<u>2,333,124</u>	<u>33,626</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(124,403)	(53,488)
<b>Net current assets/(liabilities)</b>		<u>2,208,721</u>	<u>(19,862)</u>
<b>Total assets less current liabilities</b>		<b>2,208,721</b>	<b>438,255</b>
<b>Long term liabilities</b>			
Creditors: amounts falling due after more than one year	11	(2,691,017)	(540,685)
<b>Net liabilities</b>		<u>(482,296)</u>	<u>(102,430)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	(482,297)	(102,431)
<b>Equity shareholder's funds</b>	14	<u>(482,296)</u>	<u>(102,430)</u>

The financial statements on pages 5 to 13 were approved by the board of directors on  
22 May 2001 and signed on its behalf by:

  
Director



# **Investors in Health (Chichester No 5) Limited**

## **Notes to the financial statements**

### **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.

#### **Going concern**

At 31 March 2001 the company had net liabilities. The company is funded by a loan from Investors Finance Company Plc through bonds issued to private investors. The loan from Investors Finance Company Plc carries the same repayment terms as the bonds held by Investors Finance Company Plc and is not due for repayment until 30 September 2029. The directors have projected that the company will have generated sufficient funds to meet the liability to Investors Finance Company Plc at that date. The directors, therefore, consider it is appropriate for the financial statements to be prepared on a going concern basis.

#### **Cash flow statement**

The company is a wholly owned subsidiary of The Investors Group Limited and is included in the consolidated financial statements of The Investors Group Limited, 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).

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Assets under construction were not depreciated.

#### **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 profit and loss over the period of the loan facility.

# Investors in Health (Chichester No 5) Limited

## Notes to the financial statements (continued)

### 1 Principal accounting policies (continued)

#### 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 private finance initiative 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.

#### 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, which is deemed to be £nil.

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.

### 2 Other operating income

	Year to 31 March 2001 £	Period to 31 March 2000 £
Recharged expenses	<u>4,717</u>	<u>-</u>

# Investors in Health (Chichester No 5) Limited

## Notes to the financial statements (continued)

### 3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year to 31 March 2001 £	Period to 31 March 2000 £
Auditors' remuneration		
Audit services	2,600	3,600

No staff were directly employed by the company (period ended 31 March 2000:nil).

### 4 Directors' emoluments

Directors' fees amounted to £10,920 (period ended 31 March 2000: £7,549) in respect of services to this company, the five other Investors in Health (Chichester) Limited 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

	Year to 31 March 2001 £	Period to 31 March 2000 £
Bank interest	3,314	-

### 6 Interest payable and similar charges

	Year to 31 March 2001 £	Period to 31 March 2000 £
Interest payable on bank loan	67,940	12,911
Amortisation of issue costs of bank loan	26,115	14,841
Interest payable on other loans	62,163	-
Amortisation of issue costs of other loans	764	-
	156,982	27,752

# Investors in Health (Chichester No 5) Limited

## Notes to the financial statements (continued)

### 7 Taxation on loss on ordinary activities

	Year to 31 March 2001 £	Period to 31 March 2000 £
United Kingdom corporation tax at 30% (2000: 30%)	<u>532</u>	<u>-</u>

The tax charge is in relation to interest received during the construction phase.

### 8 Tangible fixed assets

	Assets under construction £
<b>Cost</b>	
At 1 April 2000	458,117
Additions during the year	1,542,292
Transfer to amounts recoverable from PFI concession (see note 9)	(2,000,409)
<b>At 31 March 2001</b>	<u>-</u>

### 9 Debtors

	2001 £	2000 £
<b>Due within one year</b>		
Trade debtors	42,241	-
Amounts owed by group undertaking	1	1
Receivable from PFI concession (see below)	83,013	-
Other debtors	120,000	26,931
Prepayments and accrued income	70,731	6,694
	<u>315,986</u>	<u>33,626</u>
<b>Due after more than one year</b>		
Receivable from PFI concession (see below)	<u>1,873,484</u>	<u>-</u>
<b>Receivable from PFI concession</b>		
The net amount receivable from PFI concession comprises:		
Total amount receivable	5,123,574	-
Less: interest allocated to future periods	(3,167,077)	-
	<u>1,956,497</u>	<u>-</u>

The receivable from PFI concession due after more than one year includes cumulative amortisation of £17,132, (31 March 2000: £nil).

# Investors in Health (Chichester No 5) Limited

## Notes to the financial statements (continued)

### 9 Debtors (continued)

Amounts received during the year under this agreement amounted to £69,774 (period to 31 March 2000: £nil).

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 year for onward financing amounted to £2,000,409 (31 March 2000: £nil).

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

	2001 £	2000 £
Trade creditors	26,090	6,022
Corporation tax	532	-
Other taxation and social security	9,580	-
Other creditors	41,386	-
Accruals and deferred income	46,815	47,466
	<u>124,403</u>	<u>53,488</u>

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

	2001 £	2000 £
Bank loan	-	540,685
Loans	2,691,017	-
	<u>2,691,017</u>	<u>540,685</u>

The bank loan was secured by way of a fixed and floating charge over the undertakings and assets of the company. On completion of the construction phase the bank loan was repaid in full by a loan provided by Investors Finance Company Plc. The amounts due by the company to Investors Finance Company Plc are unsecured and repayable in full on 30 September 2029. Interest is charged at an average annual rate of 6.95% on these loans.

Included in loans is an amount of £278,000 (31 March 2000: £nil) 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.

# Investors in Health (Chichester No 5) Limited

## Notes to the financial statements (continued)

### 12 Called up share capital

	2001 £	2000 £
<b>Ordinary shares of £1 each</b>		
Authorised – 100 shares	<u>100</u>	<u>100</u>
Allotted and fully paid – 1 share	<u>1</u>	<u>1</u>

### 13 Profit and loss account

	£
At 1 April 2000	(102,431)
Loss for the year	(379,866)
<b>Retained loss at 31 March 2001</b>	<u><u>(482,297)</u></u>

### 14 Reconciliation of movements in shareholder's funds

	2001 £	2000 £
Loss for the year	(379,866)	(102,431)
Proceeds of issue of ordinary shares	-	1
Net reduction to shareholder's fund	<u>(379,866)</u>	<u>(102,430)</u>
Shareholder's funds at 1 April 2000	(102,430)	-
<b>Shareholder's funds at 31 March 2001</b>	<u><u>(482,296)</u></u>	<u>(102,430)</u>

### 15 Immediate parent undertaking

The directors regard The Investors Group Limited as the immediate parent undertaking. This company is a joint venture vehicle owned equally by Rotch Property Group Limited and Schroder Investment Company Limited.

The results of the company are consolidated in the financial statements of The Investors Group Limited, copies of which may be obtained from 200 Aldersgate, London, EC1A 4JJ.

# **Investors in Health (Chichester No 5) Limited**

## **Notes to the financial statements (continued)**

### **16 Ultimate controlling parties**

The directors regard Schroder Plc and Rotch Property Group Limited as the ultimate controlling parties.

### **17 Related party transactions**

The company, being a wholly owned subsidiary of The Investors Group 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 during the year were as follows:

Rotch Property Group Limited ("Rotch") and Schroder Investment Company Limited (see note 15), charged a fee of £278,000 (period ended 31 March 2000: £nil) and this amount is included in creditors at 31 March 2001 (31 March 2000: £nil).

The company recharged expenses of £4,717 (period ended 31 March 2000: £nil) to Rotch and there were no relating amounts due at 31 March 2001 (31 March 2000: £nil).

### **18 Investors Finance Company Plc**

Investors Finance Company Plc is an independent vehicle that has provided finance to the Investors in Health Chichester Companies on completion of the construction phase to build mental health units. Investors Finance Company Plc provides finance through a programme of issuing publicly listed, credit enhanced bonds.

Investors Finance Company Plc provided loan finance during the year to Investors in Health (Chichester No 5) Limited and the total balance due at 31 March 2001 amounted to £2,778,000 (31 March 2000: £nil). Interest was charged on these loans amounting to £62,163 (period ended 31 March 2000: £nil). There were no outstanding balances at 31 March 2001 (31 March 2000: £nil) in relation to this interest charged.

### **19 Contingent liability**

Rotch may incur costs on behalf of the company. The recharge of these costs to the company is contingent on the occurrence of future events that are considered unlikely at the time of signing these financial statements. The total amount of such costs that Rotch may recharge is capped at £1,279,000 in total for the six Investors in Health (Chichester) companies.