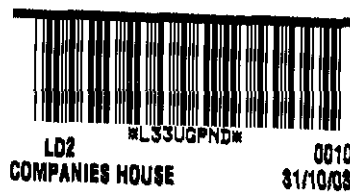


NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Report and financial statements
for the year ended 31 December 2002



NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Report and financial statements
for the year ended 31 December 2002

Contents

	Pages
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

NU Local Care Centres (Chichester No. 5) Limited

(previously Investors in Health (Chichester No 5) Limited)

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

Change of company name

On 18 December 2002 the company changed its name from Investors in Health (Chichester No 5) Limited to NU Local Care Centres (Chichester No. 5) Limited.

Principal activity and business review

The company's principal activity is to provide facilities management services to a mental health unit constructed by the company under a private financial initiative ("PFI") with West Sussex Health and Social Care NHS Trust ("NHS Trust").

The directors have reviewed the activities of the business for the year and the position as at 31 December 2002 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 year is set out on page 5.

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

Directors and their interests

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

Mill Properties Limited	(resigned 7 February 2002)
Morley Fund Management Limited	(resigned 7 February 2002)
I B Womack	(appointed 7 February 2002, resigned 29 October 2002)
C J W Laxton	(appointed 7 February 2002)
J Gottlieb	(appointed 7 February 2002, resigned 29 October 2002)
P Clark	(appointed 24 July 2002)
P F Ellis	(appointed 29 October 2002)

None of the directors held any disclosable beneficial interests in the company at 31 December 2002, or at any time during the year.

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Directors' report
for the year ended 31 December 2002 (continued)

Policy on the payment of creditors

It is the company's policy that payments 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 year 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.

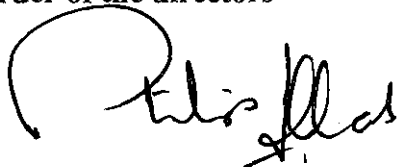
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

Auditors

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

Director



28 OCT 2003

Approved by the directors on.....

Independent auditors' report to the members of NU Local Care Centres (Chichester No. 5) Limited (previously Investors in Health (Chichester No 5) Limited)

We have audited the company's financial statements for the year ended 31 December 2002 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 15. 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 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 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 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

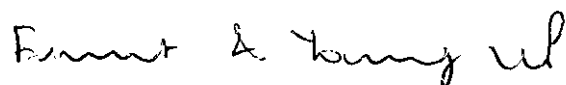
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**Independent auditors' report to the members of
NU Local Care Centres (Chichester No. 5) Limited (continued)**
(previously Investors in Health (Chichester No 5) Limited)

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

28 OCT 2003 2003

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Profit and loss account
for the year ended 31 December 2002

	Notes	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Turnover	1	564,953	361,088
Cost of sales		(328,632)	(185,088)
Gross profit		236,321	176,000
Administrative expenses		(25,926)	(20,320)
Operating profit	2	210,395	155,680
Interest receivable and similar income	4	2,885	2,655
Interest payable and similar charges	5	(165,671)	(128,990)
Profit on ordinary activities before taxation		47,609	29,345
Tax on profit on ordinary activities	6	-	-
Profit for the year	11	47,609	29,345

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.

Comparative figures are for the nine months ended 31 December 2001.

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Balance sheet
as at 31 December 2002

	Notes	2002 £	2001 £
Current assets			
Debtors			
- due after more than one year	7	1,897,030	1,884,233
- due within one year	7	278,563	273,094
Cash at bank and in hand		267,187	237,993
		<u>2,442,780</u>	<u>2,395,320</u>
Current liabilities			
Creditors: amounts falling due within one year	8	<u>(151,764)</u>	<u>(154,965)</u>
Net current assets		<u>2,291,016</u>	<u>2,240,355</u>
Creditors: amounts falling due after more than one year	9	(2,696,358)	(2,693,306)
Net liabilities		<u>(405,342)</u>	<u>(452,951)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(405,343)	(452,952)
Equity shareholder's deficit	12	<u>(405,342)</u>	<u>(452,951)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on
28 October 2003 and signed on its behalf by:

Director



NU Local Care Centres (Chichester No. 5) Limited

(previously Investors in Health (Chichester No 5) Limited)

Notes to the financial statements for the year ended 31 December 2002

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.

Financial Reporting Standard 19, 'Deferred tax', effective for accounting periods ending on or after 23 January 2002 has been adopted. This did not have an effect on the comparative numbers.

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.

Going concern

At the balance sheet date the company had net liabilities. 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.

NU Local Care Centres (Chichester No. 5) Limited

(previously Investors in Health (Chichester No 5) Limited)

Notes to the financial statements

for the year ended 31 December 2002 (continued)

1 Principal accounting policies (continued)

Cash flow statement

The company is an indirect 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).

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

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 tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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.

NU Local Care Centres (Chichester No. 5) Limited **(previously Investors in Health (Chichester No 5) Limited)**

Notes to the financial statements **for the year ended 31 December 2002 (continued)**

2 Operating profit

Operating profit is stated after charging/(crediting):

	Total Year ended 31 December 2002 £	E&Y Period ended 31 December 2001 £	PwC Period ended 31 December 2001 £	Total Period ended 31 December 2001 £
Auditors' remuneration				
Audit services	(2,600)	2,600	-	2,600
Non-audit services	-	-	13,570	13,570

In the year ended 31 December 2002 and the period ended 31 December 2001, the auditors' remuneration for audit services was borne by NU 3Ps Limited, the parent company of the immediate parent, NUPPP (Care Technology and Learning Centres) Limited (previously The Investors Group Limited). Hence, the accrued fees at 31 December 2001 have been reversed in the year ended 31 December 2002.

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

3 Directors' emoluments

Directors' fees amount to £nil (period ended 31 December 2001: £1,623) in respect of services to this company, the five other NU Local Care Centres (Chichester) companies (previously Investors in Health (Chichester) companies) and NU Technology and Learning Centres (Hackney) Limited (previously Investors in the Community (Hackney) Limited). Directors' fees for the period ended 31 December 2001 were borne in full by NU Local Care Centres (Chichester No. 1) Limited (previously Investors in Health (Chichester No 1) Limited).

4 Interest receivable and similar income

	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Bank interest	<u>2,885</u>	<u>2,655</u>

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Notes to the financial statements
for the year ended 31 December 2002 (continued)

5 Interest payable and similar charges

	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Bank interest and similar charges	(119)	(509)
Interest payable on other loans	(162,500)	(126,192)
Amortisation of issue costs of other loans	(3,052)	(2,289)
	<u>(165,671)</u>	<u>(128,990)</u>

6 Taxation on profit on ordinary activities

There is no tax charge for the year due to the losses brought forward (period ended 31 December 2001: £nil).

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2001: lower) than the standard rate of corporation tax in the UK of 30%, (2001: 30%). The differences are explained below.

	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Current tax reconciliation		
Profit on ordinary activities before tax	<u>47,609</u>	<u>29,345</u>
Current tax at 30% (2001: 30%)	14,283	8,804
Effects of:		
Tax losses carried forward	44,774	5,499
Capital allowances in excess of finance lease repayment	(61,911)	(6,646)
Short term timing differences	2,854	(7,657)
Total current tax charge (see above)	<u>-</u>	<u>-</u>

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Notes to the financial statements
for the year ended 31 December 2002 (continued)

6 Taxation on profit on ordinary activities (continued)

	Not recognised 2002 £	Not recognised 2001 £
Deferred tax		
Accelerated capital allowances	(68,557)	(6,646)
Tax losses carried forward	194,803	150,029
Short term timing differences	(4,803)	(7,657)
Deferred tax asset not provided	121,443	135,726

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

7 Debtors

	2002 £	2001 £
Due after more than one year		
Receivable from PFI concession (see below)	1,897,030	1,884,233
Due within one year		
Trade debtors	7,112	618
Amounts owed by group undertaking	1	1
Receivable from PFI concession (see below)	83,983	83,462
Other debtors	120,000	120,000
Prepayments and accrued income	67,467	69,013
	278,563	273,094
Receivable from PFI concession		
The net amount receivable from PFI concession comprises:		
Total amount receivable	4,914,348	5,034,961
Less: interest allocated to future periods	(2,933,335)	(3,067,266)
	1,981,013	1,967,695

The receivable from PFI concession due after more than one year includes an amount of £153,046 (31 December 2001: £56,266) 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.

NU Local Care Centres (Chichester No. 5) Limited
(previously Investors in Health (Chichester No 5) Limited)

Notes to the financial statements
for the year ended 31 December 2002 (continued)

7 Debtors (continued)

Amounts received during the year under this agreement amounted to £217,392 (period ended 31 December 2001: £162,011).

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.

8 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	(66,399)	(31,774)
Amounts owed to group undertaking	(143)	(143)
Corporation tax	(532)	(532)
Other taxation and social security	(4,331)	(10,119)
Other creditors	(35,754)	(18,276)
Accruals and deferred income	(44,605)	(94,121)
	<u>(151,764)</u>	<u>(154,965)</u>

9 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Loans	<u>(2,696,358)</u>	<u>(2,693,306)</u>

Loans totalling £2,418,358 (31 December 2001: £2,415,306) are provided by Investors Finance Company Plc. The remaining loans totalling £278,000 (31 December 2001: £278,000) are provided by NU 3Ps Limited.

The loans provided by Investors Finance Company Plc are unsecured and repayable in full on 30 September 2029. Interest is charged on these loans at an annual rate of 6.5% (period ended 31 December 2001: 6.5%).

The loans provided by NU 3Ps Limited are unsecured, interest free and repayable in full on 30 September 2029.

NU Local Care Centres (Chichester No. 5) Limited **(previously Investors in Health (Chichester No 5) Limited)**

Notes to the financial statements **for the year ended 31 December 2002 (continued)**

9 Creditors: amounts falling due after more than one year (continued)

Included in loans from NU 3Ps Limited is an amount of £278,000 (31 December 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 £81,642 (31 December 2001: £84,694) in respect of unamortised issue costs. The gross loans total £2,778,000 (31 December 2001: £2,778,000).

10 Called up share capital

	2002 £	2001 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11 Profit and loss account

	£
At 1 January 2002	(452,952)
Profit for the year	47,609
Retained loss at 31 December 2002	<u><u>(405,343)</u></u>

12 Reconciliation of movements in shareholder's deficit

	Year ended 31 December 2002 £	Period ended 31 December 2001 £
Profit for the period	47,609	29,345
Opening shareholder's deficit	(452,951)	(482,296)
Closing shareholder's deficit	<u><u>(405,342)</u></u>	<u><u>(452,951)</u></u>

NU Local Care Centres (Chichester No. 5) Limited **(previously Investors in Health (Chichester No 5) Limited)**

Notes to the financial statements **for the year ended 31 December 2002 (continued)**

13 Immediate parent undertaking

The directors regard NUPPP (Care Technology and Learning Centres) Limited (previously The Investors Group Limited) as the immediate parent undertaking.

14 Ultimate controlling party

At 31 December 2001, the ultimate controlling party was Mill Group (LP) Limited as General Partner of the Fund. On 14 February 2002 NUPPP(GP) Limited, a subsidiary of Aviva plc (previously CGNU plc), was appointed as the General Partner in its stead. The current ultimate controlling party of the Fund is therefore 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.

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.

15 Related party transactions

The company, being an indirect wholly owned subsidiary of The Norwich Union Public Private Partnership Fund, 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 group headed by The Norwich Union Public Private Partnership Fund.

Loans totalling £278,000 (31 December 2001: £278,000) are due to NU 3Ps Limited, the parent company to NUPPP (Care Technology and Learning Centres) Limited, the immediate parent undertaking.

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

The company recharged expenses of £nil (period ended 31 December 2001: £709) to Rotch Property Group Limited, one of the company's ultimate controlling parties until May 2001. There were no related amounts due at 31 December 2002 (31 December 2001: £nil).

The company was charged professional fees of £nil (period ended 31 December 2001: £1,639) by Schroder Investment Management Limited, one of the company's ultimate controlling parties until May 2001. There were no related amounts due at 31 December 2002 (31 December 2001: £nil).