

NHP SECURITIES NO. 4 LIMITED

Report and Financial Statements

30 September 2004

**Deloitte & Touche LLP
London**



REPORT AND FINANCIAL STATEMENTS 2004

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated balance sheet	6
Company balance sheet	7
Notes to the accounts	8

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Colvin, CA Chief Executive
R N Midmer, CENG MICE Executive Director

SECRETARY

S Kaul

REGISTERED OFFICE

Block A, Upper Ground Floor,
Dukes Court,
Duke Street,
Woking GU21 5BH

BANKERS

Bank of Scotland
Commercial Banking Services
Teviot House
41 South Gyle Crescent
Edinburgh EH12 9BF

SOLICITORS

Eversheds
Holland Court
The Close
Norwich NR1 4DX

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT (continued)

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company is the holding of a 50.01 per cent interest in the LLNHP Partnership. The Company is one of the two partners in the LLNHP Partnership.

The principal activity of the LLNHP Partnership was the holding of freehold interests in modern purpose-built care homes, which were leased back to care home operators. The LLNHP Partnership is currently dormant and no further trading is proposed.

BUSINESS REVIEW

No profit and loss account has been presented as the Company has not traded in the current and previous years.

The Directors do not expect the Company to trade in the foreseeable future.

DIVIDENDS

No dividends in respect of the year are proposed (2003: £nil).

POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

DIRECTORS

The Directors who served throughout the year are detailed on page 1.

Neither Director has, or had, any interests in the shares of the Company. Neither 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. There are no other disclosable interests in the shares of any other group company.

AUDITORS

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

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



S Kaul
Secretary

14 December 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 and of the Group as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the 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 the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of NHP Securities No.4 Limited for the year ended 30 September 2004, which comprise the balance sheets and the related notes 1 to 7. These financial statements have been prepared under 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 United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 circumstances of the Company and the Group, 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 the Company's and the Group's affairs as at 30 September 2004 and of the result of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

14 December 2004

CONSOLIDATED BALANCE SHEET
30 September 2004

	Note	2004 £	2003 £
CURRENT ASSETS			
Cash at bank and in hand		1,002	1,002
		<hr/>	<hr/>
NET CURRENT ASSETS		1,002	1,002
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,002	1,002
Equity minority interest	3	(499)	(499)
		<hr/>	<hr/>
NET ASSETS		503	503
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account	5	501	501
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		503	503
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Directors on 14 December 2004.

Signed on behalf of the Board of Directors



W Colvin
 Director



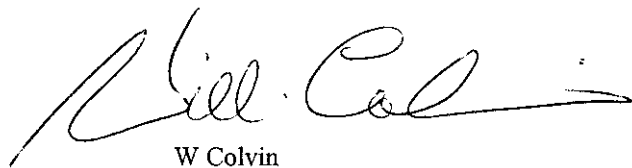
R N Midmer
 Director

COMPANY BALANCE SHEET
30 September 2004

	Note	2004 £	2003 £
CURRENT ASSETS			
Cash at bank and in hand		<u>2</u>	<u>2</u>
NET CURRENT ASSETS		<u>2</u>	<u>2</u>
NET ASSETS		<u><u>2</u></u>	<u><u>2</u></u>
CAPITAL AND RESERVES			
Called up share capital	4	2	2
Profit and loss account	5	<u>-</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>2</u></u>	<u><u>2</u></u>

These financial statements were approved by the Board of Directors on 14 December 2004.

Signed on behalf of the Board of Directors



W Colvin
 Director



R N Midmer
 Director

NOTES TO THE ACCOUNTS

Year ended 30 September 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. The financial statements are in compliance with the Companies Act 1985.

The Group did not trade during the current year and prior year and incurred no expenses and accordingly no profit and loss account is submitted. The Company and the Group had no employees during the year or preceding year. The audit fee of the Company and the Group has been paid by another Group company in the current and preceding year.

The accounting policies have been followed consistently during the current and previous years.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and those of the LLNHP Partnership (the "Partnership"). The Partnership has taken advantage of the qualifying partnerships exemption under regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

2. INVESTMENTS

The Company has a 50.01% holding in the LLNHP Partnership, which is dormant. The original investment, representing a capital contribution, has been fully repaid and hence is carried at £nil (2003: £nil). Any future profits of the Partnership will continue to be shared between the partners in accordance with the provisions of the Partnership Deed dated 27 October 1997.

3. EQUITY MINORITY INTEREST

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

4. CALLED UP SHARE CAPITAL

Group and Company	2004	2003
	£	£
Authorised:		
100 ordinary shares at £1 each	100	100
	<u> </u>	<u> </u>
Called up, allotted and fully paid:		
2 ordinary shares at £1 each	2	2
	<u> </u>	<u> </u>

5. RESERVES

	Profit and loss account £
Group	
At 1 October 2003 and 30 September 2004	501
	<u> </u>
Company	
At 1 October 2003 and 30 September 2004	-
	<u> </u>

6. 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 2004

7. 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, Block A, Upper Ground Floor, Dukes Court, Duke Street, Woking GU21 5BH.