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NHP SECURITIES NO. 4 LIMITED

Report and Financial Statements

30 September 2002


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REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Colvin, CA Executive Director
D F Francis, FCA Executive Director
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 Plc
Commercial Banking Services
Teviot House
41 South Gyle Crescent
Edinburgh EH12 9BF

SOLICITORS

Eversheds
Holland Court
The Close
Norwich NR1 4DX

AUDITORS

Deloitte & Touche
London

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 30 September 2002.

PRINCIPAL ACTIVITY

The principal activity of NHP Securities No.4 Limited ("the Company") is the holding of a 50.01 per cent interest in the LLNHP Partnership. The principal activity of the LLNHP Partnership was the holding of freehold interests in modern purpose-built care homes which are leased back to care home operators.

The Company is one of the two partners in the LLNHP Partnership. There is no further trading proposed for the LLNHP Partnership.

BUSINESS REVIEW

NHP Securities No.4 Limited is a wholly owned subsidiary of NHP Plc, which is the only listed UK property investment group specialising in the purchase and leaseback of modern purpose-built care homes to care home operators. No trading took place during the year with the LLNHP Partnership.

RESULTS

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

DIVIDENDS

No dividends in respect of the year are proposed (2001: £nil).

GOING CONCERN

The Directors, having made appropriate enquiries, are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The following Directors served throughout the year except as noted:

| | | <u>Date of Appointment</u> | <u>Date of Resignation</u> |
|-------------|--------------------|----------------------------|----------------------------|
| W Colvin | Executive Director | 7 September 2000 | - |
| W J Davies | Executive Director | 13 October 1997 | 29 November 2001 |
| D F Francis | Executive Director | 13 October 1997 | - |
| R N Midmer | Executive Director | 13 February 2001 | - |

The current Directors of the Company are detailed on page 1.

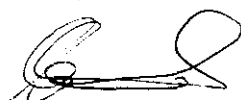
No Director has, or had, any interests in the shares of the Company. No Director holds a service contract with the Company and there is no share option scheme in existence.

The Directors' interests in the shares of the parent company are disclosed in that company's financial statements.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint 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

16 January 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 and of the Group as at the end of the financial period 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 a 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 Ltd for the year ended 30 September 2002 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.

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 Company's and the Group'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 September 2002 and of the results of the Group for the year ended 30 September 2002 and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

London

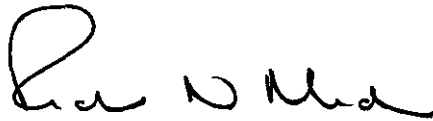
Date: 23rd June 2003

CONSOLIDATED BALANCE SHEET
30 September 2002

| | Note | 2002 £ | 2001 £ |
|--|------|-------------|-------------|
| 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 16 January 2003.

Signed on behalf of the Board of Directors



R N Midmer
 Finance Director



D F Francis
 Executive Director

COMPANY BALANCE SHEET
30 September 2002

| | Note | 2002 £ | 2001 £ |
|-----------------------------------|------|-----------|-----------|
| CURRENT ASSETS | | | |
| Cash at bank and in hand | | 2 | 2 |
| | | <u>2</u> | <u>2</u> |
| NET CURRENT ASSETS | | | |
| | | <u>2</u> | <u>2</u> |
| NET ASSETS | | | |
| | | <u>2</u> | <u>2</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 4 | 2 | 2 |
| Profit and loss account | 5 | - | - |
| | | <u>2</u> | <u>2</u> |
| EQUITY SHAREHOLDERS' FUNDS | | | |
| | | <u>2</u> | <u>2</u> |

These financial statements were approved by the Board of Directors on 16 January 2003.

Signed on behalf of the Board of Directors



R N Midmer
 Finance Director



D F Francis
 Executive Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

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 company 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 preceeding year. The audit fee of the Company and the Group has been paid by another Group company in the current and preceeding year.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and those of the LLNHP Partnership (the "Partnership"). The LLNHP 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 LLNHP Partnership, which is dormant. The original investment, representing a capital contribution, has been fully repaid and hence is carried at £nil (2001: £nil). 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 LLNHP Partnership.

4. CALLED UP SHARE CAPITAL

| Group and Company | 2002 £ | 2001 £ |
|--|-------------------|-------------------|
| 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 2001 and 30 September 2002 | 501 |
| | <u> </u> |
| Company | |
| At 1 October 2001 and 30 September 2002 | - |
| | <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 2002

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.