NU LOCAL CARE CENTRES (CHICHESTER NO.5) LIMITED

Registered in England and Wales No: 3649269

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

Contents

Directors, Officers and Other Information

Directors

F J Helliwell
S K McLachlan
S Ravindra

Officer – Company Secretary

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

HSBC BANK PLC HBEU
City Commercial Centre
60 Queen Victoria Street
London
EC4N 4TR

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales No. 3649269

Directors' Report
For the year ended 31 December 2016

The directors present their report and audited financial statements for ('the Company') for the year ended 31 December 2016.

Directors

The current directors and those in office during the year are as follows:

F J Helliwell
H M Murphy (resigned on 24 August 2016)
S K McLachlan (appointed on 24 August 2016)
S Ravindra (appointed on 24 August 2016)

Principal Activities

The Company's principal activity is to provide facilities management services to a mental health unit constructed under a Private Finance Initiative ('PFI') with the Sussex Partnership NHS Foundation Trust ('NHS Trust').

The directors have reviewed the activities of the business for the year and the position as at 31 December 2016 and consider them to be satisfactory.

Dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2016 (2015: £nil).

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Employees

The Company has no employees (2015: nil).

Future Developments

There are no changes expected to the Company's activities for the foreseeable future.

Disclosure of Information to the Auditors

Each person who was a director of the Company on the date that this report was approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and

(b) each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Report (continued)
For the year ended 31 December 2016

Independent Auditors

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying Indemnity Provisions

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

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.

Directors' Report (continued)
For the year ended 31 December 2016

On behalf of the Board

F J Helliwell
Director

12/5/2017

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

Report on the financial statements

Our opinion

In our opinion, NU Local Care Centres (Chichester No.5) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements 2016 (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12/5/ 2017

Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	5	**549,859**	456,546
Cost of sales		**(282,459)**	(194,413)
Gross profit		**267,400**	262,133
Administrative expenses	6	**(52,142)**	(51,306)
Operating profit		**215,258**	210,827
Interest receivable and similar income	7	**139**	913
Interest payable and similar charges	8	**(167,495)**	(170,441)
Profit on ordinary activities before taxation		**47,902**	41,299
Tax on profit on ordinary activities	9	**(7,170)**	14,905
Profit for the financial year		**40,732**	56,204

Continuing operations
All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2016 and 31 December 2015 relate to continuing operations.

The notes on pages 11 to 19 form and integral part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due after more than one year	10	**1,751,058**	1,804,913
Debtors: amounts falling due within one year	10	**123,180**	61,007
Prepayments and accrued income	11	**41,773**	43,092
Cash at bank and in hand	12	**807,343**	1,233,518
Total current assets		**2,723,354**	3,142,530
Creditors: amounts falling due within one year	13	**(188,863)**	(488,660)
Net current assets		**2,534,491**	2,653,870
Creditors: amounts falling due after more than one year	14	**(2,461,095)**	(2,518,533)
Provision for liabilities			
Taxation, including deferred taxation	15	**(55,165)**	(62,271)
Net assets		**18,231**	73,066
Capital and reserves			
Called up share capital	16	**1**	1
Capital contributions		**-**	97,503
Retained earnings/(accumulated losses)		**18,230**	(24,438)
Total shareholder's funds		**18,231**	73,066

The financial statements on pages 8 to 19 were approved by the Board of Directors on 12/5/2017 and signed on its behalf by:

F J Helliwell
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2016

	Note	Called up share capital £	Capital contributions £	(Accumulated losses)/ Retained earnings £	Total shareholder's funds £
Balance as at 1 January 2015		**1**	**93,570**	**(84,451)**	**9,120**
Profit for the financial year		-	-	56,204	56,204
Total comprehensive income for the year		-	-	56,204	56,204
Transfer to retained earnings		-	(3,809)	3,809	-
Distribution relating to repayment of zero interest loans		-	7,742	-	7,742
Total transactions with owners, recognised in equity		-	3,933	3,809	7,742
Balance as at 31 December 2015		**1**	**97,503**	**(24,438)**	**73,066**
Balance as at 1 January 2016		**1**	**97,503**	**(24,438)**	**73,066**
Profit for the financial year		-	-	40,732	40,732
Total comprehensive income for the year		-	-	40,732	40,732
Transfer to retained earnings		-	(1,936)	1,936	-
Distribution relating to settlement of interest free loans	14	-	(95,567)	-	(95,567)
Total transactions with owners, recognised in equity		-	(97,503)	1,936	(95,567)
Balance as at 31 December 2016		1	-	18,230	18,231

The notes on pages 11 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

1. General information

NU Local Care Centres (Chichester No. 5) Limited provides facilities management services to a mental health unit constructed under a PFI with the NHS Trust.

The company is a private company limited by shares and is incorporated in England. The registered office is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of NU Local Care Centres (Chichester No. 5) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Strategic report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 382 of the Companies Act 2006 relating to small companies.

c) Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, Norwich Union Public Private Partnership Fund, includes the company's cash flows in its own consolidated financial statements.

d) Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

e) Taxation

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 102. Deferred tax assets are recognised to the extent that it is regarded as more likely than not profits will be available against which they can be realised.

3. Accounting policies (continued)

f) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash at bank and in hand balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Finance lease receivables from PFI concessions represent outstanding amounts due under finance lease arrangements less finance charges allocated to future periods. Unitary payments receivable are allocated between turnover and the reimbursement of the finance lease receivable. This basis of allocation is also integral in generating a constant rate of return on the net cash investment over the contract period.

Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3. Accounting policies (continued)

h) Financial instruments (continued)

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial liabilities classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Debt instruments that are classified as payable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

g) Cost of sales

Cost of sales includes amounts invoiced in respect of facilities management services provided, and other expenses incurred on an accruals basis.

h) Interest payable and similar charges

Interest payable on loans is charged to the Statement of Comprehensive Income on an accruals basis.

Finance costs incurred in relation to the raising of loan finance are amortised to the Statement of Comprehensive Income over the period of the loan facility.

i) Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit, both of which are immediately available and cash held within the sinking fund which is not immediately available.

j) Functional currency

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

k) Related party transactions

The Company, being an indirect wholly owned subsidiary of Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the FRS 102 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund.

4. Critical accounting adjustments and estimation uncertainty

The preparation of the Company's Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

i. Non-financial assets are reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

ii. Interest free inter-company loans are discounted to fair value using market rates of interest. The market rate of interest is assumed to be the rate charged on long-term unsecured loans between companies within the Norwich Union Public Private Partnership Fund group.

5. Turnover

Turnover, which excludes value added tax, represents amounts derived from the financial model established in accordance with the PFI concession agreement dated 24 June 1999, together with amounts in respect of facilities management services provided. The amounts 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 on an accruals basis.

There is no geographical business segment and thus segmental disclosures of turnover are not provided.

6. Administrative expenses

	2016 £	2015 £
Auditors' fees – audit services	**5,772**	4,360
Fund Manager's Fees	**7,498**	7,498
Asset & Operations Management Fees	**34,936**	35,490
Taxation services	**3,614**	3,614
Other costs	**322**	344
Total administrative expenses	**52,142**	51,306

The Company had no employees during the financial year (2015: nil).

7. Interest receivable and similar income

	2016 £	2015 £
Bank interest	**139**	154
Other interest	**-**	759
Total interest receivable and similar income	**139**	913

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

8. Interest payable and similar charges

	2016 £	2015 £
Amortisation of issue costs of loans due to group undertakings	**3,059**	3,038
Interest payable on loans due to group undertakings	**164,436**	167,403
Total interest payable and similar charges	**167,495**	170,441

9. Tax on profit on ordinary activities

(a) Tax reconciliation

	2016 £	2015 £
Current tax		
UK corporation tax charge on profit for the year	**14,258**	-
Total current tax	**18**	-
	14,276	-
Deferred tax		
Origination and reversal of timing differences	**(3,646)**	(7,188)
Effect of decreased tax rate on opening balance	**(3,460)**	(7,717)
Total deferred tax (see note 15)	**(7,106)**	(14,905)
Tax on profit on ordinary activities	**7,170**	(14,905)

(b) Factors affecting current tax charge/(credit) for the year

	2016 £	2015 £
Profit before taxation	**47,902**	41,299
Current charge at standard UK corporation tax rate of 20% (2015: 20.25%)	**9,580**	8,356
Effects of:		
Expenses not deductible for tax purposes	**387**	925
Income not taxable for tax purposes	-	(14,388)
Other tax adjustments, reliefs and transfers	-	(52,654)
Group relief surrendered	-	58,012
Adjustments in respect of prior period	**18**	-
Adjustments to deferred tax charge in respect of prior period	-	(8,335)
Adjust closing deferred tax to average rate of 20% (2015: 20.25%)	**(9,734)**	(7,772)
Adjust opening deferred tax to average rate of 20% (2015: 20.25%)	**6,919**	951
Total tax charge/(credit) (see above)	**7,170**	(14,905)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profit for this accounting year are taxed at an effective rate of 20% (2015: 20.25%).

10. Debtors

	2016 £	2015 £
Amounts falling due after more than one year:		
Receivables from PFI concessions (see below)	**1,751,058**	1,804,913
Total debtors falling due after more than one year	**1,751,058**	1,804,913
Amounts falling due within one year:		
Trade debtors	**6,411**	-
Amounts owed by group undertakings	**48,132**	1
Receivables from PFI concessions (see below)	**53,856**	46,225
Other debtors	**14,781**	14,781
Total debtors falling due within one year	**123,180**	61,007
Total debtors	**1,874,238**	1,865,920

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Receivables from PFI concessions
The net amount from PFI concession comprises:

	2016 £	2015 £
Total amount receivable	**2,872,146**	3,042,595
Less: interest allocated to future periods	**(1,067,232)**	(1,191,457)
Total receivables from PFI concessions	**1,804,914**	1,851,138

This comprises of:

	2016 £	2015 £
Amounts falling due within one year	**53,856**	46,225
Amounts falling due between 2 and 5 years	**305,351**	267,891
Amounts falling due after more than 5 years	**1,445,707**	1,537,022
Total	**1,804,914**	1,851,138

The receivables from PFI concessions due after more than one year include an amount of £1,139,802 (2015: £1,108,637) 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.

The total amount receivable from PFI concessions comprises the amount owed by the NHS Trust under the terms of the PFI agreement. 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 (2015: nil).

In the operational phase of the project to 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 owed by the NHS Trust in debtors after deducting finance charges allocated to future periods. The value of the receivables from PFI concessions are based upon the expected repayments receivable from the NHS Trust.

Notes to the Financial Statements (continued)

for the year ended 31 December 2016

10. Debtors (continued)

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 Statement of Comprehensive Income 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 owed by 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.

11. Prepayments and accrued income

	2016	2015
	£	£
Prepayments	**1,663**	1,667
Accrued income	**40,110**	41,425
Total prepayments and accrued income	**41,773**	43,092

12. Cash at bank and in hand

Cash at bank and in hand includes £143,166 (2015: £140,108) which relates to amounts paid by Sussex Partnership NHS Foundation Trust into a sinking fund to fund the replacement and repair of certain assets. The fund cannot be accessed by the Company.

13. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**30,431**	18,484
Sinking fund	**31,868**	127,424
Amounts owed to group undertakings	**37,674**	110,782
Sundry creditors - VAT	**14,229**	13,101
Sundry creditors - taxation	**-**	23,416
Accruals and deferred income	**74,661**	195,453
Total creditors amounts falling due within one year	**188,863**	488,660

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the Company has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its Statement of Comprehensive Income. Differences between the sinking fund and the related bank account are due to timing differences in invoices and actual cash receipts and payments.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings		
Loan due to NUPPP (Care Technology and Learning Centres) Limited	**2,500,000**	2,500,000
Loan due to NU 3PS Limited	**-**	60,497
Total loans due to Chichester Health Plc	**2,500,000**	2,560,497
Unamortised issue costs	**(38,905)**	(41,964)
Total creditors amounts falling due after more than one year	**2,461,095**	2,518,533

On 16 March 2015, the unsecured loans provided by Chichester Health plc were novated to NUPPP (Care Technology and Learning Centres) Limited, the immediate parent company. The loans are unsecured and repayable in full on 31 March 2031. Interest is charged on these loans at an annual rate of 6.50% (2015: 6.50%).

The loan from NU 3PS Limited represents subordinate debt with a cash value of £nil (2015: £158,000). In the event of the Company being wound up, no amount will be paid in respect of this subordinate debt until all other creditors have been repaid in full. The loan is unsecured and interest free, and as such has been discounted to a carrying value of £nil (2015: £60,497) using an interest rate of 6.50% (2015: 6.50%). During the year £158,000 (£2015: £120,000) was repaid, a discounted amount of £60,497 (2015: £49,692).

The difference between the cash value and carrying value was treated as a distribution of capital contribution which is disclosed in the Statement of Changes on Equity.

15. Taxation, including deferred taxation

	2016 £	2015 £
Balance as at 1 January	62,271	77,176
Credit for the year	(7,106)	(14,905)
Balance as at 31 December	55,165	62,271

The provision for deferred taxation is made up of:

	2016 £	2015 £
Accelerated capital allowances	**102,530**	109,170
Short term timing differences	**(20,254)**	(16,375)
Tax losses carried forward	**(27,111)**	(30,524)
	55,165	62,271

Deferred tax assets are expected to unwind against the deferred liabilities, and therefore a net deferred tax liability has been recognised on the balance sheet.

Legislation already enacted at the balance sheet date means that the corporate tax rate is expected to reduce to 19% from 1 April 2017 and then 17% from 1 April 2020. On this basis, the closing deferred tax liability balance has been tax effected at the rate of 17%.

16. Called up share capital

	2016 £	2015 £
The allotted, called up and fully paid share capital of the Company at 31 December was:		
1 (2015: 1) ordinary share of £1 each	1	1

17. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2015: £nil).

18. Related party transactions

The Company, being an indirect, wholly owned subsidiary of Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the FRS 102 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund.

Copies of the financial statements of Norwich Union Public Private Partnership Fund are available on application to the Company Secretary, Aviva Investors, St Helen's, 1 Undershaft, London, EC3P 3DQ..

19. Parent and ultimate controlling entity

The Company's immediate parent undertaking is NUPPP (Care Technology and Learning Centres) Limited. Norwich Union Public Private Partnership Fund Partnership, which has 100% interest of the immediate parent undertaking is the smallest group of undertakings to provide consolidated financial statements at 31 December 2016. The consolidated financial statements of Norwich Union Public Private Partnership Fund are available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

The General Partner of the Norwich Union Public Private Partnership Fund is NUPPP (GP) Limited, a company incorporated in Great Britain and registered in England and Wales.

The Norwich Union Public Private Partnership Fund is controlled by NUPPP (GP) Limited however, the beneficial interest is held by The Lime Property Fund Limited Partnership. The Lime Property Fund Limited Partnership is the largest group to provide consolidated financial statements at 31 December 2016, including the results of the Norwich Union Public Private Partnership Fund (and therefore this company) and is available on application to:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

The Lime Property Fund Limited Partnership is controlled by The Lime (General Partner) Limited but its ultimate parent undertaking is Lime Property Fund Unit Trust, which is registered in Jersey.

20. Subsequent events

The Directors are not aware of any events occurring after the balance sheet date that require disclosure in these financial statements.