

NU LOCAL CARE CENTRES (CHICHESTER NO.5) LIMITED

Registered in England and Wales No 3649269

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

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Directors and Officers

Directors

I B Womack
D A S Dahan

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

No 1 Poultry
London
EC2R 8EJ

Company Number

Registered in England and Wales No 3649269

Other Information

NU Local Care Centres (Chichester No 5) Limited (the 'Company') is a member of the Aviva plc group of companies (the 'Group')

Directors' Report

For the year ended 31 December 2013

The directors present their report and financial statements for ('the Company') for the year ended 31 December 2013

Directors

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

I B Womack
D A S Dahan

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 2013 and consider them to be satisfactory

Results and Dividends

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2013 (2012 £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, they continue to adopt the going concern basis in preparing the financial statements

Employees

The Company has no employees

Disclosure of Information to the Independent 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, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware, and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

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

Directors' Report (continued)

For the year ended 31 December 2013

Directors' Liabilities

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, the Company's ultimate parent, 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 Directors' Report and the financial statements in accordance with applicable law and regulations.

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 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- 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. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing their report, the directors have taken advantage of the exemption for small companies in accordance with section 415(A) of the Companies Act 2006.

By order of the Board 30 April 2014



D A S Dahan
Director

Independent Auditors' Report (continued)

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 the financial statements, defined below

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by NU Local Care Centres (Chichester No 5) Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account,
- 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 their preparation is applicable law and United Kingdom Accounting Standards (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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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

In addition, we read all the financial and non-financial information in the annual report and financial statements 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

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

Independent Auditors' Report (continued)

companies' exemption in preparing the Directors' Report and 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 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.



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

30th April 2014

Profit and loss account

for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	422,341	411,691
Cost of sales		(162,401)	(154,793)
Gross profit		259,940	256,898
Administrative expenses	3	(7,664)	(7,159)
Operating profit		252,276	249,739
Interest receivable and similar income	4	44	20
Interest payable and similar charges	5	(165,551)	(165,559)
Profit on ordinary activities before taxation		86,769	84,200
Tax on profit on ordinary activities	6	(12,059)	(12,123)
Profit for the financial year	14	74,710	72,077

All amounts in the profit and loss relate to continuing operations

There are no recognised gains or losses in the year other than the profit for the financial year

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents

The notes on pages 9 to 15 form part of these financial statements

Balance sheet

As at 31 December 2013

	Note	2013 £	2012 £
Current assets			
Debtors amounts falling due after more than one year	7	1,842,329	1,987,849
Debtors amounts falling due within one year	7	200,696	101,859
Prepayments and accrued income	8	40,662	22,887
Cash at bank and in hand	9	1,336,267	1,213,088
Total Current assets		3,419,954	3,325,683
Creditors amounts falling due within one year	10	(391,561)	(363,694)
Net current assets		3,028,393	2,961,989
Creditors amounts falling due after more than one year	11	(2,729,921)	(2,726,870)
Provision for liabilities			
Deferred taxation	12	(85,555)	(96,912)
Net assets		212,917	138,207
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	212,916	138,206
Total shareholders' funds		212,917	138,207

The financial statements were approved by the Board of directors on 30 April 2014 and were signed on its behalf by



D A S Daban
Director

The notes on pages 9 to 15 form part of these financial statements

Notes to the financial statements

for the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The accounting policies set out below have been applied consistently throughout the year

1.2 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

1.3 Cash flow statement

The Company is a wholly owned subsidiary of 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)

1.4 Deferred 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 19. 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

1.5 Debtors

Debtors includes finance lease amounts receivable from PFI concessions and other receivables and financial assets

Finance lease receivables represent outstanding amounts due under finance lease agreements 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

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full

1.6 Other payables

Other payables are recognised on an accruals basis

1.7 Cost of Sales

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

1.8 Interest payable and similar charges

Interest payable on loans is charged to the profit and loss account on an accruals basis

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

Notes to the financial statements (continued)

for the year ended 31 December 2013

1.9 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

2. 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

3. Administrative expenses

Auditors' remuneration for audit services was £4,244 (2012 £3,825)

The Company had no employees during the financial year (2012 nil)

The directors received no emoluments for services to the Company for the financial year (2012 £nil)

4. Interest receivable and similar income

	2013 £	2012 £
Bank interest	44	20
Total interest receivable and similar income	44	20

5. Interest payable and similar charges

	2013 £	2012 £
Amortisation of issue costs of loans due to group undertakings	3,051	3,059
Interest payable on loans due to group undertakings	162,500	162,500
Total Interest payable and similar charges	165,551	165,559

6. Tax on profit on ordinary activities

	2013 £	2012 £
Current tax		
UK corporation tax charge on profit for the year	23,418	22,789
Adjustments in respect of prior years	(2)	16
Total current tax	23,416	22,805
Deferred tax		
Accelerated capital allowances	(12,989)	(12,477)
Short term timing differences	(2,808)	(2,646)
Tax losses carried forward	4,440	4,441
Total deferred tax (see note 12)	(11,357)	(10,682)
Tax on profit on ordinary activities	12,059	12,123

Notes to the financial statements (continued)

for the year ended 31 December 2013

6. Tax on profit on ordinary activities (continued)

	2013 £	2012 £
Profit on ordinary activities before tax	86,769	84,200
Current charge at standard UK corporation tax rate of 23.25% (2012: 24.5%)	20,174	20,629
Effects of:		
Capital allowance in excess of finance lease repayments	(688)	(2,026)
Short term timing differences	3,932	4,186
Adjustments in respect of prior years	(2)	16
Total current tax charge (see above)	<u>23,416</u>	<u>22,805</u>

7. Debtors

	2013 £	2012 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	120,000
Receivables from PFI concessions (see below)	1,842,329	1,867,849
Total debtors falling due after more than one year	<u>1,842,329</u>	<u>1,987,849</u>

	2013 £	2012 £
Amounts falling due within one year:		
Trade debtors	-	4,399
Other debtors	-	15,519
Amounts owed by group undertakings	120,001	1
Receivables from PFI concessions (see below)	80,695	81,940
Total debtors falling due within one year	<u>200,696</u>	<u>101,859</u>

In connection with the long term loan, the Company has previously advanced £120,000 (2012: £120,000) to Chichester Health Plc. This balance is interest free and is repayable on expiry of the long term loan.

Receivables from PFI concessions

The net amount from PFI concession comprises:

	2013 £	2012 £
Total amount receivable	3,371,044	3,529,298
Less: interest allocated to future periods	(1,448,020)	(1,579,509)
Total receivables from PFI concessions	<u>1,923,024</u>	<u>1,949,789</u>

Notes to the financial statements (continued)

for the year ended 31 December 2013

7. Debtors (continued)

This comprises of:

	2013 £	2012 £
Amounts falling due within one year	80,695	81,940
Amounts falling due between 2 and 5 years	304,740	312,574
Amounts falling due after more than 5 years	1,537,589	1,555,275
Total	1,923,024	1,949,789

The receivables from PFI concessions due after more than one year include an amount of £1,020,663 (2012 £965,488) 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

Amounts received during the year under this agreement amounted to £213,429 (2012 £216,046)

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 (2012 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 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 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.

8. Prepayments and accrued income

	2013 £	2012 £
Prepayments	1,683	1,654
Accrued income	38,979	21,233
Total prepayments and accrued income	40,662	22,887

9. Cash at bank and in hand

Cash at bank and in hand includes £174,882 (2012 £172,143) 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.

Notes to the financial statements (continued)

for the year ended 31 December 2013

10. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	-	21,982
Sinking fund	177,309	158,130
Amounts owed to group undertakings	115,968	109,234
Sundry creditors - VAT	15,587	17,514
Sundry creditors - taxation	23,416	-
Accruals and deferred income	59,281	56,834
	<hr/>	<hr/>
Total creditors amounts falling due within one year	391,561	363,694

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 profit and loss account.

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

	2013 £	2012 £
Loans due to Chichester Health Plc		
Loan	2,500,000	2,500,000
Issue costs	(48,079)	(51,130)
Total loans due to Chichester Health Plc	<hr/> 2,451,921	<hr/> 2,448,870
Loans due to NU 3PS Limited	<hr/> 278,000	<hr/> 278,000
Total creditors amounts falling due after more than one year	<hr/> 2,729,921	<hr/> 2,726,870

	2013 £	2012 £
Gross loan	2,778,000	2,778,000
Issue costs	(48,079)	(51,130)
Total amounts falling due after more than one year	<hr/> 2,729,921	<hr/> 2,726,870

The loans provided by Chichester Health Plc are unsecured and repayable in full on 31 March 2029. Interest is charged on these loans at an annual rate of 6.5% (2012: 6.5%).

The loan from NU 3PS Limited represents subordinate debt. 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, interest free and repayable in full on 30 September 2029.

Notes to the financial statements (continued)

for the year ended 31 December 2013

12. Deferred taxation

	2013 £	2012 £
At 1 January	96,912	107,594
Credit for the year	(11,357)	(10,682)
At 31 December	85,555	96,912

The provision for deferred taxation is made up of:

	2013 £	2012 £
Accelerated capital allowances	142,081	155,070
Short term timing differences	(9,903)	(7,095)
Tax losses carried forward	(46,623)	(51,063)
	85,555	96,912

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 21% with effect from 1 April 2014 (from 23%) and a subsequent reduction of 1% to 20% from 1 April 2015. On the basis that it is anticipated that the Company's deferred tax assets are expected to unwind between 1 April 2014 and 1 April 2015, the closing recognised deferred tax liability balance has been tax effected at the lower rate of 21%

Where deferred tax assets and liabilities will be realised or settled after 1 April 2015, the maximum impact of the reduction in corporation tax to 20% is a reduction of £4,074 which could reduce the closing recognised deferred tax liability to £81,481

13. Called up share capital

	2013 £	2012 £
The allotted, called up and fully paid share capital of the Company at 31 December was		
1 (2012: 1) ordinary share of £1 each	1	1

Notes to the financial statements (continued)

for the year ended 31 December 2013

14. Reconciliation of movements in shareholders' funds

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2013	1	138,206	138,207
Profit for the financial year	-	74,710	74,710
At 31 December 2013	1	212,916	212,917

15. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2012 £nil)

16. 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 Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund

17. Ultimate controlling entity

The immediate parent undertaking of the Company is NUPPP (Care Technology and Learning Centres) Limited

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in the United Kingdom

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Aviva plc are available on application to the

Group Company Secretary
Aviva plc
St Helen's
1 Undershaft
London
EC3P 3DQ