NU 3PS LIMITED

Registered in England and Wales No. 3600625

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

Contents

Directors, Officers and Other Information

Directors

I G Berry
S K McLachlan
N Tebbutt

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

Bank of Scotland
London Chief Office
38 Threadneedle Street
London
EC2P 2EH

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 3600625

Other Information

NU 3PS Limited (the 'Company') is a member of the Aviva plc group of companies (the 'Aviva Group').

Strategic report for the year ended 31 December 2017

The directors present their strategic report for the Company for the year ended 31 December 2017.

The Company

The Company was established on 20 July 1997 and is registered as a private limited company in England and Wales.

Principal Activities of the Company

The Company is the principal service provider to Norwich Union Public Private Partnership Fund. The Company and its wholly owned subsidiaries acting as special purpose companies have entered into long-term contracts with the public sector under the Government's Private Finance Initiative for the provision of serviced facilities being financed by its 100% shareholder, Norwich Union Public Private Partnership Fund.

The directors have reviewed the activities of the business for the financial year and the position as at 31 December 2017 and consider them to be satisfactory.

Review

The directors consider the key risk underlying the PFI agreements to be the recoverability of the amounts due from the various public bodies. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor.

The financial KPIs of the Company are included in the strategic report of its 100% shareholder, Norwich Union Public Private Partnership Fund.

Future outlook

The directors expect the current level of activity to be maintained in the foreseeable future.

Principal risks and uncertainties

The key risks arising in the Company are credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management

The Aviva Group ("Aviva") operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and Aviva Executive committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles).

Strategic report for the year ended 31 December 2017 (continued)

Principal risks and uncertainties (continued)

Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

Credit risk

The directors consider the key risk underlying the PFI agreements to be the recoverability of the amounts due from the various public bodies. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's investments.

Liquidity risk

The Company does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2017 was as follows:

Liquidity risk as at 31 December 2017

	On demand	1-3 months	More than 12 months	Total
	£	£	£	£
Financial assets				
Trade and other receivables	83,588	-	-	83,588
Amounts owed by group undertakings	6,780,416	-	-	6,780,416
Prepayments and accrued income	166,572	-	-	166,572
Cash and cash equivalents	2,330,042	-	-	2,330,042
	9,360,618	-	-	9,360,618
Financial liabilities				
Trade and other creditors	122,285	-	-	122,285
Sinking funds	783,456	-	-	783,456
Other creditors	288,352	-	-	288,352
Amounts owed from group undertakings	15,550	-	-	15,550
Accruals and deferred income	89,847	-	-	89,847
	1,299,490	-	-	1,299,490

Strategic report for the year ended 31 December 2017 (Continued)

Principal risks and uncertainties (continued)

Liquidity risk (continued)

Liquidity risk as at 31 December 2016

	On demand	1-3 months	More than 12 months	Total
	£	£	£	£
Financial assets				
Trade and other receivables	72,163	-	-	72,163
Amounts owed by group undertakings	6,361,700	-	-	6,361,700
Prepayments and accrued income	164,803	-	-	164,803
Cash and cash equivalents	1,788,083	-	-	1,788,083
	8,386,749	-	-	8,386,749
Financial liabilities				
Trade and other creditors	132,045	-	-	132,045
Sinking funds	682,028	-	-	682,028
Other creditors	398,792	-	-	398,792
Amounts owed from group undertakings	16,359	-	-	16,359
Accruals and deferred income	80,829	-	-	80,829
	1,310,053	-	-	1,310,053

Employees

The Company has no employees (2016: nil).The key management personnel have been identified as the directors of the Company. The directors received no remuneration (2016: nil).

On behalf of the Board 11 May 2018:

S K McLachlan
Director

Directors' Report for the year ended 31 December 2017

The directors present their report and audited financial statements for the Company for the year ended 31 December 2017.

Directors
The current directors and those in office throughout the year, except as noted, are as follows:

I G Berry
S K McLachlan appointed 14 September 2017
N Tebbutt appointed 3 July 2017
V Leroy resigned 6 July 2017
L G C Monnier resigned 14 September 2017

Dividend

The Directors do not recommend the payment of a final dividend for the financial year ending 31 December 2017 (2016: £nil). Interim dividends totalling £1,774,631 were paid during the year (2016: £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.

Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.

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, 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.

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

Independent Auditors

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

Directors' Report for the year ended 31 December 2017 (continued)

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 Kingdon 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.

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.

On behalf of the Board 11 May 2018:

S K McLachlan
Director

Independent auditors' report to the members of NU 3PS Limited

Report on the audit of the financial statements

Opinion

In our opinion, NU 3PS Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included

Independent auditors' report to the members of NU 3PS Limited (continued)

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial satements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the certain disclosures of directors' remuneration specified by law are not made; and
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Sandra Dowling (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 May 2018

Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	10,684,065	10,784,628
Cost of sales	6	(10,631,107)	(10,729,566)
Gross profit		52,958	55,062
Administrative expenses	7	(147,815)	(162,214)
Operating loss		(94,857)	(107,152)
Distributions received	9	2,753,079	886,719
Impairment of investment	12	-	(886,719)
Interest payable and other charges		44	(44)
Interest receivable and similar income	8	2,730	24,279
Profit/(loss) before taxation		2,660,996	(82,917)
Tax on profit/(loss)	10	4,886	21,113
Profit/(loss) for the financial year and total comprehensive profit/(loss) for the financial year		2,665,882	(61,804)

Continuing operations

All amounts reported in the statement of comprehensive income for the years ended 31 December 2017 and 31 December 2016 relate to continuing operations.

The notes on pages 13 to 23 form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2017

	Note	2017 £	2016 £
Fixed Assets			
Investments	12	7,367,472	7,367,472
Current assets			
Debtors: amounts falling due within one year	14	6,864,004	6,433,863
Prepayments and accrued income	15	166,572	164,803
Cash at bank and in hand	16	2,330,042	1,788,083
Total current assets		9,360,618	8,386,749
Creditors: amounts falling due within one year	17	(1,392,671)	(1,310,053)
Net current assets		7,967,947	7,076,696
Total assets less current liabilities		15,335,419	14,444,168
Net assets		15,335,419	14,444,168
Capital and reserves			
Called up share capital	18	15,000,000	15,000,000
Retained earnings/(accumulated losses)		335,419	(555,832)
Total shareholders' funds		15,335,419	14,444,168

These audited financial statements were approved and authorised for issue by the Board of Directors on 11 May 2018 and were signed on its behalf by:

S K McLachlan
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

NU 3PS Limited
Registered in England and Wales: No. 3600625

Statement of Changes in Equity

for the year ended 31 December 2017

	Note	Called up share capital £	Accumulated (losses)/retained earnings £	Total Shareholders' funds £
Balance as at 1 January 2016		**15,000,000**	**(494,028)**	**14,505,972**
Loss for the financial year		-	(61,804)	(61,804)
Total comprehensive loss for the financial year		-	(61,804)	(61,804)
Balance as at 31 December 2016		**15,000,000**	**(555,832)**	**14,444,168**
Balance as at 1 January 2017		**15,000,000**	**(555,832)**	**14,444,168**
Profit for the financial year		-	2,665,882	2,665,882
Total comprehensive income for the financial year		-	2,665,882	2,665,882
Distributions paid to Norwich Union Public Private Partnership Fund	11	-	(1,774,631)	(1,774,631)
Balance as at 31 December 2017		**15,000,000**	**335,419**	**15,335,419**

The notes on pages 13 to 23 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2017

1. General information

NU 3PS Limited is the principal service provider to Norwich Union Public Private Partnership Fund. The Company and its wholly owned subsidiaries acting as special purpose companies will enter into long-term contracts with the public sector under the Government's Private Finance Initiative for the provision of serviced facilities being financed by its 100% shareholder, Norwich Union Public Private Partnership Fund.

The Company which was incorporated in the United Kingdom is registered as a private company limited by its shares and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of NU 3PS 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.

a) Basis of preparation

The financial statements have been 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.

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.

b) 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.

c) Basis of consolidation

The Company has taken advantage of exemptions under section 400 of the Companies Act 2006 not to prepare group financial statements as it and its subsidiaries are included in the consolidated financial statements of Norwich Union Public Private Partnership Fund.

3. Accounting policies (continued)

d) Cash flow statement

The Company has taken advantage of the exemption, under FRS 102, from preparing a statement of cash flows, on the basis that it is a wholly owned subsidiary of the Norwich Union Public Private Partnership Fund and the Company's cash flows are included within the consolidated statement of cash flows of Norwich Union Public Private Partnership Fund.

e) 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.

f) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

g) 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.

Tax is based on (loss)/profit for the year and charged at the standard UK corporation tax rate.

h) *Interest receivable and similar income*

Interest receivable and similar income is recognised on an accruals basis.

h) Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

i) Administrative expenses

Administrative expenses include audits fees and other consultancy fees and are recognised on an accruals basis.

j) 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 FRS 102 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund.

3. Accounting policies (continued)

k) 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.

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 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.

(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.

3. Accounting policies (continued)

k) Financial instruments (continued)

(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.

4. Critical accounting judgements and key sources of 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 has 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.

5. Turnover

Turnover, which excludes value added tax, represents amounts derived from the financial model established in accordance with the PFI concession agreement, 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. The dates for these concession agreements were, Dudley dated 29 February 2000, Temple dated 31 March 2000 & Newark dated 23 June 2000.

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

6. Cost of sales

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

7. Administrative expenses

	2017 £	2016 £
Auditors' fees - audit services	8,205	10,857
Fund Manager fees	22,494	22,494
Asset and Operational Manager fee	118,111	111,400
Taxation services	13,788	18,428
Other	(14,783)	(965)
Total administrative expenses	147,815	162,214

The Company had no employees during the financial year (2016: nil).

The directors received no emoluments for services to the Company for the financial year (2016: £nil).

8. Interest receivable and similar income

	2017 £	2016 £
Interest receivable	2,730	24,279
Total interest receivable and similar income	2,730	24,279

9. Distributions received

	2017 £	2016 £
Distributions received	2,753,079	886,719
Total income received from investments	2,753,079	886,719

10. Tax on profit/(loss)

(a) Tax reconciliation

	2017 £	2016 £
Current tax		
UK Corporation tax on (profit/(loss) for the financial year	-	-
Adjustments in respect of prior years	(4,886)	(21,113)
Total current tax	(4,886)	(21,113)
Deferred tax		
Accelerated capital allowances	(760)	4,270
Total deferred tax	(760)	4,270

10. Tax on profit/(loss) (continued)

(b) Factors affecting current tax charge for the year

	2017 £	2016 £
Profit/(loss) before taxation	2,660,996	(82,917)
Current (credit)/charge at standard UK corporation tax rate of 19.25% (2016: 20.00%)	512,242	(16,583)
Effects of:		
Other – restatement of administrative expenses	(123)	-
Group relief surrendered/(claimed)	18,614	14,355
Income not taxable for tax purposes	(529,873)	(3,793)
Adjustments in respect of prior years	(4,886)	(21,113)
Adjust closing deferred tax to average rate of 19.25% (2016: 20.00%)	2,433	3,383
Adjust opening deferred tax to average rate of 19.25% (2016: 20.00%)	(2,533)	(20)
Deferred tax asset not recognised	(760)	2,658
Current tax charge for the year	(4,886)	(21,113)
Total tax charge/(credit) for the financial year	(4,886)	(21,113)

The standard rate of corporation tax in the UK changed from 20.00% to 19.25% with effect from 1 April 2015. Accordingly the Company's profit for this accounting year are taxed at an effective rate of 19.25% (31 December 2016: 20.00%).

(c) Deferred tax

	2017 £	2016 £
Balance as at 1 January	19,169	14,899
Charge/(credit) for the year	(760)	4,270
Balance as at 31 December	18,409	19,169

The provision for deferred taxation is made up of:

	2017 £	2016 £
Accelerated capital allowances	18,409	19,169
Deferred tax asset not provided	18,409	19,169

The above deferred tax assets have not been recognised because there is insufficient evidence under FRS 102 as to the availability of suitable taxable profits in the foreseeable future.

Legislation already enacted at the balance sheet date reduced the main rate of corporation tax rate to 19%, effective from 1 April 2017 and provides that the main rate of corporation tax will be further reduced to 17% effective from 1 April 2020. The deferred tax assets and liabilities in the accounts have been recognised at the rate at which the timing differences are expected to reverse of 17%.

11. Dividends

	2017 £	2016 £
Dividends paid	1,774,631	-
Total dividends	1,774,631	-

12. Investments

	Investments in subsidiary undertakings £	Total £
Cost		
At 1 January 2017	7,367,472	7,367,472
Impairment of investment during the year	-	-
At 31 December 2017	7,367,472	7,367,472
Net book value at 31 December 2017	7,367,472	7,367,472

	Investments in subsidiary undertakings £	Total £
Cost		
At 1 January 2016	8,254,191	8,254,191
Impairment of investment during the year	(886,719)	(886,719)
At 31 December 2016	7,367,472	7,367,472
Net book value at 31 December 2016	7,367,472	7,367,472

The impairment provision in the financial statements to 31 December 2016 relates to a return of capital contribution relating to the settling of the interest free loans in NU Local Care Centres (Chichester No.1) through to NU Local Care Centres (Chichester No.6).

12. Investments (continued)

At the year end, the Company had the following material interests held in special purpose vehicles.

Name	Holding
Building a Future (Newham Schools) Limited	100%
NU Schools for Redbridge Limited	100%
NU Offices for Redcar Limited	100%
NU Local Care Centres (Farnham) Limited	100%
NU Library for Brighton Limited	100%
NU Local Care Centres (Bradford) Limited	100%
NU Developments (Brighton) Limited	100%
NU Local Care Centres (West Park) Limited	100%
NUPPP Hard Services Limited	100%
NUPPP (Care Technology and Learning Centres) Limited	100%

All of the above named companies are registered in England and Wales and, with the exception of NU Local Care Centres (West Park) Limited and NUPPP Hard services Limited which were both dormant as at 31 December 2017, are involved in the delivery of services under PFI and PPP agreements with Public Sector bodies.

13. Related undertakings

Related undertakings include indirect holdings as listed below.

Refer to note 12 for details of all directly held investments.

Company name	Country of incorporation	Class of shares and number	Percentage of ordinary share capital held
NU Local Care Centres (Chichester No.1) Limited	United Kingdom	1 Ordinary shares	100%
NU Local Care Centres (Chichester No.2) Limited	United Kingdom	1 Ordinary shares	100%
NU Local Care Centres (Chichester No.3) Limited	United Kingdom	1 Ordinary shares	100%
NU Local Care Centres (Chichester No.4) Limited	United Kingdom	1 Ordinary shares	100%
NU Local Care Centres (Chichester No.5) Limited	United Kingdom	1 Ordinary shares	100%
NU Local Care Centres (Chichester No.6) Limited	United Kingdom	1 Ordinary shares	100%
NU Technology and Learning Centres (Hackney) Limited	United Kingdom	1 Ordinary shares	100%
The Square Brighton Limited	United Kingdom	1 Ordinary share	100%

14. Debtors: amounts due within one year

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	76,521	72,163
Amounts owed by group undertakings	6,780,416	6,361,700
Other debtors	7,067	-
Total debtors amounts falling due within one year	6,864,004	6,433,863

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

15. Prepayments and accrued income

	2017 £	2016 £
Prepayments	15,443	148,357
Accrued income	151,129	16,446
Total prepayments and accrued income	166,572	164,803

16. Cash at bank and in hand

Cash at bank and in hand includes £783,456 (2016: £682,028) which relates to amounts paid into a sinking fund to fund the replacement and repair of certain assets. The cash cannot be accessed by either the Company or its subsidiaries.

17. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	122,285	132,045
Amounts owed to group undertakings	15,550	16,359
Sinking fund	783,456	682,028
Other creditors – VAT	325	8,363
Other creditors including taxation	381,208	390,429
Accruals and deferred income	89,847	80,829
Total creditors amounts falling due within one year	1,392,671	1,310,053

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.

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

18. Called up share capital

	2017 £	2016 £
The allotted, called up and fully paid share capital of the Company at 31 December was:		
15,000,000 (2016: 15,000,000) Ordinary shares of £1 each	15,000,000	15,000,000
	15,000,000	15,000,000

19. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the balance sheet date (2016: £nil).

20. Related party transactions

The Company, being beneficially owned by Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the Financial Reporting Standard 102 from disclosing related party transactions with entities that are part of the group headed by the 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.

21. Parent and ultimate controlling entity

The immediate parent undertaking is Norwich Union Public Private Partnership Fund.

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 2017. 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 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 2017, 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.

22. Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.