

**NU 3PS LIMITED**

**Registered in England and Wales No. 3600625**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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## **Directors, Officers and Other Information**

### **Directors**

S K McLachlan  
D G Murphy  
S Shields

### **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

## Strategic report for the year ended 31 December 2021

The directors present their strategic report for the Company for the year ended 31 December 2021.

### The Company

The Company was established on 20 July 1998 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 2021 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 on default on payments is deemed limited due to the counter party being a public body supported by the government.

The business review is required to contain financial and where applicable, non-financial key performance indicators ("KPIs"). The directors consider that, in line with the activity of the business, the financial KPIs set out below are those which communicate the performance of the Group as a whole. These KPIs comprise of:

	Year End 2021	Year End 2020
Turnover	£10,816,536	£10,771,652
Gross profit	£100,439	£85,878
Total comprehensive income/(expense)	£2,398,478	(£152,459)

### 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).

### 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 on default on payments is deemed limited due to the counter party being a public body supported by the government.

## Strategic report for the year ended 31 December 2021 (continued)

### 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 2021 was as follows:

#### Liquidity risk as at 31 December 2021

	On demand £	1-3 months £	More than 12 months £	Total £
<b>Financial assets</b>				
Investment in subsidiary undertakings	-	-	7,367,472	7,367,472
Trade and other receivables	521,011	-	-	521,011
Amounts owed by group undertakings	7,231,205	-	-	7,231,205
Accrued income	313,039	-	-	313,039
Cash and cash equivalents	1,546,551	-	-	1,546,551
	<u>9,611,806</u>	<u>-</u>	<u>7,367,472</u>	<u>16,979,278</u>
<b>Financial liabilities</b>				
Trade and other creditors	106,502	-	-	106,502
Sinking funds	520,824	-	-	520,824
Other creditors	63,802	-	-	63,802
Accruals	301,419	-	-	301,419
	<u>992,547</u>	<u>-</u>	<u>-</u>	<u>992,547</u>

#### Liquidity risk as at 31 December 2020

	On demand £	1-3 months £	More than 12 months £	Total £
<b>Financial assets</b>				
Investment in subsidiary undertakings	-	-	7,367,472	7,367,472
Trade and other receivables	331,168	-	-	331,168
Amounts owed by group undertakings	7,597,360	-	-	7,597,360
Accrued income	318,034	-	-	318,034
Cash and cash equivalents	1,559,031	-	-	1,559,031
	<u>9,805,593</u>	<u>-</u>	<u>7,367,472</u>	<u>17,173,065</u>
<b>Financial liabilities</b>				
Trade and other creditors	145,041	-	-	145,041
Sinking funds	610,664	-	-	610,664
Other creditors	210,994	-	-	210,994
Accruals	266,810	-	-	266,810
	<u>1,233,509</u>	<u>-</u>	<u>-</u>	<u>1,233,509</u>

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## **Strategic report for the year ended 31 December 2021 (Continued)**

### **Principal risks and uncertainties (continued)**

#### **Liquidity risk (continued)**

##### **Employees**

The Company has no employees (2020: nil). The key management personnel have been identified as the directors of the Company. The directors received no remuneration (2020: nil).

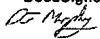
##### **COVID-19**

On 30 January 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On 22 February 2022 the United Kingdom government lifted all remaining COVID-19 restrictions. The Company will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

##### **Ukraine Russia conflict**

Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the Company are actively monitoring the situation and will assess any impact as it is deemed to arise. The Company recognise that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Company and its investment. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Company do not envisage that this will have a material impact on the Company.

On behalf of the Board<sup>27</sup> September 2022~~2022~~:

DocuSigned by:  
  
5C8337DFCE0F4DC...  
D Murphy  
Director

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

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## **Directors' Report for the year ended 31 December 2021**

The directors present their report and audited financial statements for the Company for the year ended 31 December 2021.

### **Directors**

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

S K McLachlan  
D G Murphy  
S Shields

### **Dividend**

The Directors do not recommend the payment of a final dividend for the financial year ending 31 December 2021 (2020: £nil). Interim dividends totalling £2,327,000 were paid during the year (2020: £nil).

### **Going Concern**

At the balance sheet date the Company had net current assets of £8,695,683 (2020: £8,556,317). 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 2021 (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 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' confirmations

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

On behalf of the Board 27/09 2022:

DocuSigned by:  
  
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D Murphy  
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 2021 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 2021; the Statement of Comprehensive Income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### 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

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

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 Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 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 Strategic report and 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, 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 statements**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data to present more favourable financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;

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

- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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.

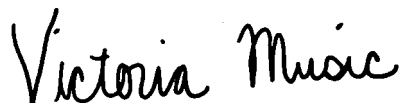
## Other required reporting

### Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Victoria Music (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 September 2022

NU 3PS Limited

Registered in England and Wales: No. 3600625

**Statement of Comprehensive Income**

for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	10,816,536	10,771,652
Cost of sales	6	(10,716,097)	(10,685,774)
<b>Gross profit</b>		<b>100,439</b>	<b>85,878</b>
Administrative expenses	7	(168,175)	(243,091)
<b>Operating loss</b>		<b>(67,736)</b>	<b>(157,213)</b>
Income from shares in group undertakings	9	2,466,000	-
Other interest receivable and similar income	8	214	4,754
<b>Profit/(loss) before taxation</b>		<b>2,398,478</b>	<b>(152,459)</b>
Tax on profit/(loss)	10	-	-
<b>Total comprehensive income/(expense) for the financial year</b>		<b>2,398,478</b>	<b>(152,459)</b>

**Continuing operations**

All amounts reported in the statement of comprehensive income for the years ended 31 December 2021 and 31 December 2020 relate to continuing operations.

The notes on pages 14 to 23 form an integral part of these financial statements.

NU 3PS Limited

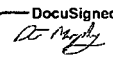
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**Statement of Financial Position**

as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed Assets</b>			
Investments	12	7,367,472	7,367,472
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	7,752,216	7,928,528
Prepayments and accrued income	15	321,575	325,497
Cash at bank and in hand	16	1,546,551	1,559,031
<b>Total current assets</b>		<b>9,620,342</b>	<b>9,813,056</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(992,547)</b>	<b>(1,256,739)</b>
<b>Net current assets</b>		<b>8,627,795</b>	<b>8,556,317</b>
<b>Total assets less current liabilities</b>		<b>15,995,267</b>	<b>15,923,789</b>
<b>Net assets</b>		<b>15,995,267</b>	<b>15,923,789</b>
<b>Capital and reserves</b>			
Called up share capital	18	15,000,000	15,000,000
Retained earnings		995,267	923,789
<b>Total shareholders' funds</b>		<b>15,995,267</b>	<b>15,923,789</b>

These audited financial statements were approved and authorised for issue by the Board of Directors on 27 September 2022 and were signed on its behalf by:

DocuSigned by:  
  
 5C8337DFCE0F4DC...  
 D Murphy  
 Director

The notes on pages 14 to 23 form an integral part of these financial statements.

NU 3PS Limited

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**Statement of Changes in Equity**

for the year ended 31 December 2021

	Note	Called up share capital £	Retained earnings £	Total Shareholder's funds £
<b>Balance as at 1 January 2020</b>		<b>15,000,000</b>	<b>1,076,248</b>	<b>16,076,248</b>
Loss for the financial year		-	(152,459)	(152,459)
Total comprehensive expense for the financial year		-	(152,459)	(152,459)
Dividends paid	11	-	-	-
<b>Balance as at 31 December 2020</b>		<b>15,000,000</b>	<b>923,789</b>	<b>15,923,789</b>
<b>Balance as at 1 January 2021</b>		<b>15,000,000</b>	<b>923,789</b>	<b>15,923,789</b>
Profit for the financial year		-	2,398,478	2,398,478
Total comprehensive income for the financial year		-	2,398,478	2,398,478
Dividends paid	11	-	(2,327,000)	(2,327,000)
<b>Balance as at 31 December 2021</b>		<b>15,000,000</b>	<b>995,267</b>	<b>15,995,267</b>

The notes on pages 14 to 23 form an integral part of these financial statements.

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## **Notes to the financial statements** for the year ended 31 December 2021

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### **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 England and Wales 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**

At the balance sheet date the Company had net current assets of £15,995,267 (2020: £15,923,789). 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.

#### **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 qualifying entity and its parent entity, Norwich Union Public Private Partnership Fund, includes the Company's cash flows in its own consolidated financial statements.

#### **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.

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## **Notes to the financial statements (continued)**

for the year ended 31 December 2021

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### **3. Accounting policies (continued)**

#### **g) Taxation**

##### **(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **(ii) Deferred tax**

Deferred tax is provided in full, using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

#### **h) Interest receivable and similar income**

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

#### **i) Dividends**

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

#### **j) Administrative expenses**

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

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

#### **l) 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 and 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.



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**Notes to the financial statements (continued)**for the year ended 31 December 2021

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**3. Accounting policies (continued)****1) Financial instruments (continued)****(i) Financial assets (continued)**

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 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).

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.

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## Notes to the financial statements (continued)

for the year ended 31 December 2021

### 3. Accounting policies (continued)

#### m) Turnover

Turnover includes amounts invoiced in respect of lease income and facilities management serviced on an accruals basis.

Within facilities management turnover, sinking fund income is recognised as per accounting policy (o) for sinking fund.

#### n) Cost of sales

Cost of sales includes amounts invoiced in respect of rent and facilities management services provided, and other expenses incurred on an accruals basis. Within facilities management cost, sinking fund cost is recognised as per accounting policy (o) for sinking fund.

#### o) Sinking fund

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.

#### p) Income from investments

Dividend income is recognised when the right to receive payment is established.

### 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.

#### Impairment of financial and non-financial assets

Non-financial assets and financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

#### Sinking fund

In line with accounting policy 3 (o) management makes an estimate in projecting the ongoing major maintenance expenditure from the sinking fund. In making this estimate management considers historic and projected maintenance replacement costs and future sinking fund income.

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**Notes to the financial statements (continued)**

for the year ended 31 December 2021

**5. Turnover**

	2021 £	2020 £
Rental income	9,736,277	9,656,729
Facilities management	1,080,259	1,114,923
Total turnover	<u>10,816,536</u>	<u>10,771,652</u>

**6. Cost of sales**

	2021 £	2020 £
Facilities management	666,630	661,007
Rent	9,736,277	9,657,357
Sinking fund	246,604	296,197
Other	66,586	71,213
Total cost of sales	<u>10,716,097</u>	<u>10,685,774</u>

**7. Administrative expenses**

	2021 £	2020 £
Auditors' fees - audit services	6,329	1,303
Fund Manager fees	25,892	25,631
Asset and Operational Manager fee	125,318	115,003
Taxation services	10,060	11,210
Professional Fees	-	87,125
Other	576	2,819
Total administrative expenses	<u>168,175</u>	<u>243,091</u>

The Company had no employees during the financial year (2020: nil). The directors received no emoluments for services to the Company for the financial year (2020: £nil).

During the year no non-audit fees were paid to statutory auditors (2020: £nil).

**8. Other interest receivable and similar income**

	2021 £	2020 £
Interest receivable	214	4,754
Total other interest receivable and similar income	<u>214</u>	<u>4,754</u>

**9. Income from shares in group undertakings**

	2021 £	2020 £
Dividends received	2,466,000	-
Total income from shares in group undertakings	<u>2,466,000</u>	<u>-</u>

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**Notes to the financial statements (continued)**  
for the year ended 31 December 2021

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

**(a) Tax reconciliation**

	2021 £	2020 £
<b>Current tax</b>		
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Deferred tax	-	-
<b>Total deferred tax</b>	-	-
<b>Total tax on profit/(loss)</b>	-	-

**(b) Factors affecting total tax charge for the year**

	2021 £	2020 £
Profit/(loss) before taxation	2,398,478	(152,459)
Current charge/(credit) at standard UK corporation tax rate of 19% (2020: 19%)	455,711	(28,967)
Effects of:		
Fixed asset differences	2,441	847
Group relief surrendered	14,411	3,003
Income not taxable for tax purposes	(468,540)	-
Remeasurement of deferred tax for changes in tax rates	(8,146)	(3,645)
Deferred tax asset not recognised	4,123	28,762
<b>Total tax charge for the financial year</b>	-	-

The Company's profit/(loss) for this accounting year are taxed at an effective rate of 19% (2020: 19%).

**(c) Deferred tax**

	2021 £	2020 £
Fixed asset timing differences	-	25,118
Effect of change of tax rate on opening balances	-	3,644
<b>Total deferred tax charge</b>	-	28,762

**The provision for deferred taxation is made up of:**

	2021 £	2020 £
Fixed asset timing differences	33,944	59,740
Deferred tax asset not provided	33,944	59,740

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**Notes to the financial statements (continued)**

for the year ended 31 December 2021

**10. Tax on (loss)/profit (continued)****(c)Deferred tax (continued)**

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. The Company has unrecognised temporary differences of £135,775 (2020: £156,952) to carry forward indefinitely against future taxable income. This comprises of fixed asset timing differences.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax balances have been calculated using the future tax rate in force at the balance sheet date, being 25% (2020: 19%).

On 23 September 2022, The UK Chancellor of the Exchequer announced that the intended increase in the UK corporate tax rate to 25% from April 2023 will be cancelled. This change has not been substantively enacted as at the date of these accounts, and so is not reflected in the company's balance sheet. The impact of this change is not expected to be material to these accounts.

**11. Dividends**

	2021 £	2020 £
Dividends paid: £0.16 (2020: £nil) per share	2,327,000	-

**12. Investments**

	Investments in subsidiary undertakings £	Total £
Cost		
At 1 January 2021	7,367,472	7,367,472
At 31 December 2021	7,367,472	7,367,472
Net book value at 31 December 2021	7,367,472	7,367,472
	Investments in subsidiary undertakings £	Total £
Cost		
At 1 January 2020	7,367,472	7,367,472
At 31 December 2020	7,367,472	7,367,472
Net book value at 31 December 2020	7,367,472	7,367,472

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

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**Notes to the financial statements (continued)**

for the year ended 31 December 2021

**12. Investments (continued)**

<u>Name</u>	<u>Holding</u>
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%
NUPPP (Care Technology and Learning Centres) Limited	100%

All of the above named companies are registered in England and are involved in the delivery of services under PFI and PPP agreements with Public Sector Bodies.

The registered address for all of the above named companies is St Helen's, 1 Undershaft, London, EC3P 3DQ.

The Directors believe that the carrying value of the investments are supported by their underlying net assets.

**13. Related undertakings**

Related undertakings include indirect holdings as listed below.

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

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

All of the above named companies are registered in England and are involved in the delivery of services under PFI and PPP agreements with Public Sector Bodies.

The registered address for all of the above named companies is St Helen's, 1 Undershaft, London, EC3P 3DQ.

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**Notes to the financial statements (continued)**

for the year ended 31 December 2021

**14. Debtors: amounts falling due within one year**

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	204,944	3,940
Amounts owed by group undertakings	7,231,205	7,597,360
Other debtors	316,067	327,228
Total debtors amounts falling due within one year	<u>7,752,216</u>	<u>7,928,528</u>

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**

	2021 £	2020 £
Prepayments	8,536	7,463
Accrued income	313,039	318,034
Total prepayments and accrued income	<u>321,575</u>	<u>325,497</u>

**16. Cash at bank and in hand**

Cash at bank and in hand includes £625,410 (2020: £599,489) 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**

	2021 £	2020 £
Trade creditors	106,502	145,041
Amounts owed to group undertakings	22,763	3,529
Sinking fund	520,824	610,664
Taxation	41,039	207,465
Accruals and deferred income	301,419	290,040
Total creditors amounts falling due within one year	<u>992,547</u>	<u>1,256,739</u>

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**

	2021 £	2020 £
The allotted, called up and fully paid share capital of the Company at 31 December was:		
15,000,000 (2020: 15,000,000) Ordinary shares of £1 each	15,000,000	15,000,000
	<u>15,000,000</u>	<u>15,000,000</u>

**19. Contingent liabilities and capital commitments**

There were no contingent liabilities or commitments at the balance sheet date (2020: £nil).

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## **Notes to the financial statements (continued)**

for the year ended 31 December 2021

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### **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 for the years ended 31 December 2021 and 31 December 2020. 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 statement for the years ended 31 December 2021 and 31 December 2020, 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.