

NU LOCAL CARE CENTRES (CHICHESTER NO.6) LIMITED
Registered in England and Wales No: 3649261

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

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NU Local Care Centres (Chichester No.6) Limited

Directors and Officers

Directors

I B Womack
D A S Dahan

Officer – Company Secretary

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

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

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

Registered Office

No 1 Poultry
London
EC2R 8EJ

Company Number

Registered in England and Wales No 3649261

Other Information

NU Local Care Centres (Chichester No 6) Limited (the 'Company') is a member of the Aviva plc group of companies (the 'Group')

Directors' Report

For the year ended 31 December 2012

The directors present their annual report and financial statements for ('the Company') for the year ended 31 December 2012

Directors

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

P F Ellis, resigned 7 November 2012
C J W Laxton, resigned 15 September 2012
I B Womack
D A S Dahan, appointed 4 October 2012

Principal Activities

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

The directors have reviewed the activities of the business for the year and the position as at 31 December 2012 and consider them to be satisfactory

Business Review

Financial Position and Performance

The financial position of the Company at 31 December 2012 is shown in the Balance Sheet on page 9, with trading results shown in the Profit and Loss account on page 8

Future Outlook

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

Principle Risks and Uncertainties

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

Key Performance Indicators ('KPI')

The directors consider that the key performance indicator for the Company's business is post tax profit. A post tax profit of £73,815 was reported for the year (2011 £69,864)

Results and Dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2012 (2011 £nil)

Directors' Report (continued)

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.

Risk and Capital Management Policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Group. Details of Aviva plc's governance framework are contained in the financial statements of Aviva plc.

(b) Management of financial and non-financial risks

Credit risk is reduced by the Company having a fixed long term PFI agreement with the Sussex Partnership NHS Trust.

Operational risk would arise as a result of inadequate or failed internal processes, people or systems, or from external events. Details of Aviva plc's approach to operational risk are set out in the financial statements of Aviva plc.

As with other risk categories, line management of business areas have primary responsibility for the effective identification, management, monitoring and reporting of risks in accordance with Aviva Group policies. The Company's risk management function provides support and independent challenge on the completeness, accuracy and consistency of risk assessments, and the adequacy of mitigating action plans.

(c) Capital management

Aviva plc maintains an efficient capital structure, which is consistent with its risk profile and the regulatory and market requirements of its business. Details of the Aviva plc capital management process are contained in the financial statements of Aviva plc.

The Directors do not believe that there are any material risks facing the Company.

Creditor Payment Policy

It is the Company's policy that payment to suppliers for goods and services to the Company are made approximately 30 days from receipt of valid invoice unless agreed otherwise as part of a contractual agreement.

Disclosure of Information to 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 auditor in connection with preparing their report, of which the auditor is 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 auditor is aware of that information.

Independent Auditors

Following a competitive tender process by the Company's ultimate parent company, Aviva plc, PricewaterhouseCoopers LLP was appointed as auditor to the Company for the year ended 31 December 2012 in accordance with the provisions of the Companies Act 2006.

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

Directors' Report (continued)

Directors' Liabilities

Aviva plc, the Company's ultimate parent, has granted 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 was granted in 2004 and the provisions in the Company's article4s of association constitute "qualifying third party indemnities" 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 regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By the Board 25 July 2013



I B Womack
Director

Independent Auditors' Report

Independent auditors' report to the members of NU Local Care Centres (Chichester No.6) Limited

We have audited the financial statements of NU Local Care Centres (Chichester No 1) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom General Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Statutory Auditor
London, United Kingdom

26th July 2013

NU Local Care Centres (Chichester No 6) Limited
Registered in England and Wales No 3649261
Profit and loss account
for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	369,793	364,879
Cost of sales		(105,365)	(107,495)
Gross profit		264,428	257,384
Administrative expenses	3	(7,183)	(7,560)
Operating profit		257,245	249,824
Interest receivable and similar income	4	116	6,455
Interest payable and similar charges	5	(165,561)	(165,856)
Profit on ordinary activities before taxation		91,800	90,423
Tax on profit on ordinary activities	6	(17,985)	(20,559)
Profit for the financial year	14	73,815	69,864

All amounts in the profit and loss relate to continuing operations

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

The notes on pages 10 to 17 form part of these financial statements

Balance sheet

As at 31 December 2012

	Note	2012 £	restated 2011 £
Current assets			
Debtors amounts falling due after more than one year	7	1,431,930	1,448,075
Debtors amounts falling due within one year	7	71,393	71,267
Prepayments and accrued income	8	24,498	35,785
Cash at bank and in hand	9	1,495,839	1,377,429
Total Current assets		3,023,660	2,932,556
Creditors: amounts falling due within one year	10	(312,779)	(292,598)
Net current assets		2,710,881	2,639,958
Creditors: amounts falling due after more than one year	11	(2,728,376)	(2,725,315)
Provision for liabilities			
Deferred taxation	12	(51,416)	(57,369)
Net liabilities		(68,911)	(142,726)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(68,912)	(142,727)
Total shareholders' deficit	14	(68,911)	(142,726)

The financial statements were approved and authorised for issue by the Board on 25/06/13 2013 and were signed on its behalf by



I B Womack
Director

The notes on pages 10 to 17 form part of these financial statements

1. Principal Accounting

1.1 Basis of preparation

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

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

1.2 Going concern

At the balance sheet date the Company had net liabilities £68,911 (2011 £142,746) The Company is supported by The Norwich Union Public Private Partnership Fund to carry out long term investments and the Directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due Accordingly the financial statements have been drawn up on a going concern basis

1.3 Cash flow statement

The Company is a wholly owned subsidiary of the Norwich Union Public Private Partnership Fund and is included in the consolidated financial statements of that entity Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised)

1.4 Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred tax assets are recognised to the extent that it is regarded as more likely than not profits will be available against which they can be realised

1.5 Debtors

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

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

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

The 2011 debtors amounts falling due within one year has been restated to classify balances as falling due after more than one year where appropriate

1.6 Other payables

Other payables are recognised on an accruals basis

1.7 Cost of Sales

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

1.8 Interest payable and similar charges

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

Finance costs incurred in relation to the raising of loan finance are amortised to the profit and loss account over the period of the loan facility

2. Turnover

Turnover, which excludes value added tax, represents amounts derived from the financial model established in accordance with the PFI concession agreement dated 24 June 1999, together with amounts in respect of facilities management services provided. The amounts under this PFI concession agreement include an element of service charge which will be recognised on a straight line basis over the 30 year term of the agreement on an accruals basis.

3. Administrative expenses

Auditors' remuneration for audit services was £3,825 (2011 £4,500)

No staff were directly employed by the Company (2011 nil)

The Directors received no emoluments for services to the Company for the financial year (2011 £nil)

4. Interest receivable and similar income

	2012 £	2011 £
Bank interest	116	6,455

5. Interest payable and similar charges

	2012 £	2011 £
Bank interest and similar charges	-	304
Amortisation of issue costs of loans due to group undertakings	3,061	3,052
Interest payable on loans due to group undertakings	162,500	162,500
Total Interest payable and similar charges	165,561	165,856

6. Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
UK corporation tax charge on profit for the year	23,944	22,338
Adjustments in respect of prior periods	(6)	-
Total current tax	23,938	22,338
Deferred tax		
Accelerated capital allowances	(9,191)	6,921
Short term timing differences	1,551	(3,455)
Deferred tax assets not provided	-	(1,687)
Tax losses carried forward	1,687	-
Total deferred tax (see note 12)	(5,953)	(1,779)
Tax on profit on ordinary activities	17,985	20,559

6. Tax on profit on ordinary activities (continued)

	2012 £	2011 £
Profit on ordinary activities before tax	91,800	90,423
Current charge at standard UK corporation tax rate of 24.5% (2011 26.5%)	22,491	23,962
Effects of:		
Capital allowance in excess of finance lease repayments	(1,007)	(2,522)
Brought forward losses utilised	-	-
Short term timing differences	2,460	898
Adjustments in respect of prior periods	(6)	-
Total current tax charge (see above)	<u>23,938</u>	<u>22,338</u>

7. Debtors

	2012 £	2011 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	120,000	120,000
Receivables from PFI concession (see below)	1,311,930	1,328,075
Total debtors falling due after more than one year	<u>1,431,930</u>	<u>1,448,075</u>
	2012 £	2011 £
Due within one year:		
Amounts owed by group undertakings	1,097	1
Receivables from PFI concession (see below)	70,296	71,266
Total due within one year	<u>71,393</u>	<u>71,267</u>

In connection with the long term loan, the Company has previously advanced £120,000 (2011 £120,000) to Chichester Health Plc. This balance is interest free and is repayable on expiry of the long term loan.

Receivables from PFI concessions

The net amount from PFI concession comprises:

	2012 £	2011 £
Total amount receivable	2,462,019	2,573,566
Less interest allocated to future periods	(1,079,793)	(1,174,225)
	<u>1,382,226</u>	<u>1,399,241</u>

Notes to the financial statements (continued)

for the year ended 31 December 2012

7. Debtors (continued)

This comprises of:

	2012 £	2011 £
Amounts falling due within one year	70,296	71,266
Amounts falling due between 2 & 5 years	266,846	273,095
Amounts falling due after more than 5 years	1,045,084	1,054,980
Total	1,382,226	1,399,341

The receivables from PFI concessions due after more than one year include an amount of £567,327 (2011 £513,176) in respect of timing differences between the amounts invoiced to the NHS Trust and the amounts required to achieve a constant rate of return on the net cash investment

Amounts received during the year under this agreement amounted to £165,699 (2011 £167,492)

The total amount receivable from PFI concessions comprises the amount due from the NHS Trust under the terms of the PFI agreement. This balance takes into account the residual value of the property at the end of the primary lease term, which is deemed to be £nil

In the operational phase of the project to provide facilities management services to the mental health care unit, the property is leased under the PFI agreement to the NHS Trust. The Company recognises the amount due from the NHS Trust in debtors after deducting finance charges allocated to future periods. The value of the receivable from PFI concessions are based upon the expected repayments receivable from the NHS Trust after taking into account the residual value of the property at the end of the primary lease term.

The interest earned under the PFI agreement is calculated using the actuarial method to give a constant rate of return on the net cash investment. The interest is recognised in the profit and loss account over the primary term of the lease, which is thirty years.

The Directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts due from the NHS Trust. This risk, however, is mitigated, as the repayments are fixed under the terms of the PFI agreement, after including an annual indexation factor.

8. Prepayments and accrued income

	2012 £	2011 £
Prepayments	1,678	2,445
Accrued income	22,820	33,340
Total prepayments and accrued income	24,498	35,785

9. Cash at bank and in hand

Cash and cash equivalents includes £194,968 (2011 £157,352) which relates to amounts paid by Sussex Partnership NHS Foundation Trust into a sinking fund to fund the replacement and repair of certain assets. The fund cannot be accessed by NU Local Care Centres (Chichester No 6) Limited.

10. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	2,160	9,440
Amounts owed to group undertakings	53,951	34,701
Other taxation and social security	17,404	37,622
Sinking fund	185,318	162,651
Accruals and deferred income	53,946	48,184
Total Creditors: amounts falling due within one year	312,779	292,598

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the Company has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its profit and loss account.

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

	2012 £	2011 £
Loans due to Chichester Health Plc		
Loan	2,500,000	2,500,000
Unamortised issue cost	(49,624)	(52,685)
Total Loans due to Chichester Health plc	2,450,376	2,447,315
Loans due to NU 3PS Limited	278,000	278,000
Total Creditor: amounts falling due after more than one year	2,728,376	2,725,315
Gross loan	2,778,000	2,778,000
Unamortised issue costs	(49,624)	(52,685)
	2,728,376	2,725,315

The loans provided by Chichester Health Plc are unsecured and repayable in full on 31 March 2029. Interest is charged on these loans at an annual rate of 6.5% (2011: 6.5%).

The loan from NU 3PS Limited represents subordinate debt. In the event of the Company being wound up, no amount will be paid in respect of this subordinate debt until all other creditors have been repaid in full. The loan is unsecured, interest free and repayable in full on 31 March 2029.

12. Deferred taxation

	2012 £	2011 £
At 1 January	57,369	59,148
(Charge)/credit for the year	<u>(5,953)</u>	<u>(1,779)</u>
At 31 December	<u>51,416</u>	<u>57,369</u>

The provision for deferred taxation is made up of:

	2012 £	2011 £
Accelerated capital allowances	117,530	126,721
Short term timing differences	(46,712)	(48,263)
Tax losses carried forward	<u>(19,402)</u>	<u>(21,089)</u>
	<u>51,416</u>	<u>57,369</u>

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

Legislation already enacted at the balance sheet date means that with effect from 1 April 2013 the corporate tax rate is expected to reduce to 23% (from 24%) On the basis that it is anticipated that the company's deferred tax liabilities are expected to unwind after 1 April 2013 the closing recognised deferred tax liability balance has been tax effected at the lower rate of 23%

A subsequent reduction to 21% from 1 April 2014 has been announced and is expected to be legislated for in the future The maximum impact of the reduction in corporation tax to 21% is a reduction of £4,471 which could reduce the closing recognised deferred tax liability to £46,945

13. Called up share capital

	2012 £	2011 £
The allotted, called up and fully paid share capital of the Company at 31 December was		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

14.Reconciliation of movements in shareholders' deficit

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2012	1	(142,727)	(142,726)
Retained profit for the financial year	-	73,815	73,815
At 31 December 2012	1	(68,912)	(68,911)

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2011	1	(212,591)	(212,590)
Retained profit for the financial year	-	69,864	69,864
At 31 December 2011	1	(142,727)	(142,726)

15.Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2011 £nil)

16.Related party transactions

The Company, being an indirect wholly owned subsidiary of The Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the group headed by The Norwich Union Public Private Partnership Fund

17.Parent and ultimate controlling entity

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

The Company's general partner is NUPPP (GP) Limited, a company incorporated in Great Britain and registered in England and Wales

The immediate parent undertaking of NUPPP (GP) Limited is Norwich Union (Shareholder GP) Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in the United Kingdom whose registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ