

# **NU Local Care Centres (Chichester No. 5) Limited**

**Report and financial statements  
for the year ended 31 December 2006**

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# **NU Local Care Centres (Chichester No. 5) Limited**

## **Report and financial statements for the year ended 31 December 2006**

### **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditors' report</b>	<b>3 - 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 13</b>

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Directors' report for the year ended 31 December 2006**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

### **Principal activity and business review**

The company's principal activity is to provide a facilities management service to a mental health unit constructed by the company under a Private Finance Initiative ("PFI") with West Sussex Health and Social Care NHS Trust ("NHS Trust")

The directors have reviewed the activities of the business for the year and the position as at 31 December 2006 and consider them to be satisfactory

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

### **Results and dividends**

The profit and loss account for the year is set out on page 5

The directors do not recommend the payment of a dividend for the year (2005 £nil)

### **Directors and their interests**

The directors of the company who held office during the year and to the date of this report are listed below

C J W Laxton  
P J Clark  
P F Ellis

None of the directors held any disclosable beneficial interests in the company at 31 December 2006, or at any time during the year

### **Financial risk management**

The company's principal financial instrument comprises a bond. The purpose of the financial instrument is to finance the operations of the company

The principal risks arising from the company's financial instrument are interest rate risk and liquidity risk. The directors review these risks and develop policies for managing each type of risk as follows

- Interest rate risk – the bond has been issued at a fixed rate of interest
- Liquidity risk – the company is supported by The Norwich Union Public Private Partnership Fund

### **Policy on the payment of creditors**

It is the company's policy that payments to suppliers for goods and services to the company are made in accordance with the policies of Mill Properties Limited, the company's operations manager, and currently represents 30 days from receipt of a valid invoice

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Directors' report for the year ended 31 December 2006**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that in determining how amounts are presented within items in the profit and loss account and balance sheet, they have given regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws & regulations.

### **Disclosure of Information to Auditors**

Each director has confirmed that so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. This confirmation is given in accordance with Section 234ZA of the Companies Act 1985.

### **Auditors**

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### **Signed on behalf of the directors**



**Director**

**Approved by the directors on** .....30.14.2007.....

# **NU Local Care Centres (Chichester No. 5) Limited**

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

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

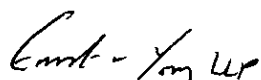
## NU Local Care Centres (Chichester No. 5) Limited

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

#### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



**Ernst & Young LLP**  
Registered Auditor  
London

Date 1 May 2007

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Profit and loss account for the year ended 31 December 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
<b>Turnover</b>	<b>1</b>	<b>355,069</b>	511,711
<b>Cost of sales</b>		<b>(108,308)</b>	(263,925)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>246,761</b>	247,786
<b>Administrative expenses</b>		<b>(29,563)</b>	(31,502)
		<hr/>	<hr/>
<b>Operating profit</b>	<b>2</b>	<b>217,198</b>	216,284
<b>Interest receivable and similar income</b>	<b>4</b>	<b>7,721</b>	8,243
<b>Interest payable and similar charges</b>	<b>5</b>	<b>(165,613)</b>	(165,635)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>59,306</b>	58,892
<b>Tax on profit on ordinary activities</b>	<b>6</b>	<b>(51,193)</b>	-
		<hr/>	<hr/>
<b>Profit for the year</b>	<b>12</b>	<b>8,113</b>	58,892
		<hr/>	<hr/>

All results are in respect of continuing activities

The company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 13 form part of the financial statements

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Balance Sheet as at 31 December 2006**

	Note	£	2006 £	£	2005 £
<b>Current assets</b>					
Debtors amounts falling due after more than one year	7	1,925,109		1,922,031	
Debtors amounts falling due within one year	7	265,564		317,987	
Cash at bank and in hand		537,222		405,808	
		<u>2,727,895</u>		<u>2,645,826</u>	
<b>Creditors</b> amounts falling due within one year	8	(197,549)		(177,838)	
<b>Net current assets</b>			<u>2,530,346</u>		<u>2,467,988</u>
<b>Total assets less current liabilities</b>			<u>2,530,346</u>		<u>2,467,988</u>
<b>Creditors</b> amounts falling due after more than one year	9	(2,708,567)		(2,705,515)	
<b>Provisions for liabilities</b>					
Deferred tax	10	(51,193)		-	
<b>Net liabilities</b>			<u>(229,414)</u>		<u>(237,527)</u>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12	(229,415)		(237,528)	
<b>Equity shareholder's deficit</b>	13		<u>(229,414)</u>		<u>(237,527)</u>

The financial statements on pages 5 to 13 were approved and authorised for issue by the board of directors on 30/1/2007 and signed on its behalf by



Director



# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Principal accounting policies**

#### **1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, and in accordance with the Companies Act 1985 and applicable accounting standards

#### **1.2 Private Finance Initiative ("PFI")**

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 concession is 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.

#### **1.3 Going Concern**

At the balance sheet date the company had net liabilities. 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.

#### **1.4 Cash flow statement**

The company is an indirect, 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).

#### **1.5 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 received 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.

#### **1.6 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 that they will be recovered.

# NU Local Care Centres (Chichester No. 5) Limited

## Notes to the financial statements for the year ended 31 December 2006

### 1 Principal accounting policies (continued)

#### 1.7 Finance costs

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

#### 1.8 Finance Lease Receivables

Finance Lease receivables represent outstanding amounts due under finance lease agreements less 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.

### 2 Operating profit

During the years ended 31 December 2006 and 2005, the auditors' remuneration for audit services was borne by NU 3Ps Limited, the parent company of the immediate parent, NUPPP (Care Technology and Learning Centres) Limited.

No staff were directly employed by the company (2005: nil)

### 3. Directors' emoluments

Directors' fees amounted to £nil (2005: £nil) in respect of services to this company, the five other NU Local Care Centres (Chichester) companies and NU Technology and Learning Centres (Hackney) Limited.

### 4. Interest receivable and similar income

	2006 £	2005 £
Bank interest	7,721	8,243

### 5. Interest payable and similar charges

	2006 £	2005 £
Bank interest and similar charges	61	83
Interest payable on loans due to group undertakings	162,500	162,500
Amortisation of issue costs of loans due to group undertakings	3,052	3,052
	165,613	165,635

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **6 Tax on profit on ordinary activities**

	2006 £	2005 £
<b>Current tax</b>		
UK corporation tax charge on profits for the year	-	-
<b>Deferred tax</b>		
Accelerated capital allowances	183,977	-
Tax losses carried forward	(103,047)	-
Short term timing differences	(29,737)	-
<b>Total deferred tax (see note 10)</b>	<b>51,193</b>	-
<b>Tax on profit on ordinary activities</b>	<b>51,193</b>	-

### **Factors affecting the tax charge for the current year**

The tax assessed for the year is different than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	<b>59,306</b>	58,892
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	<b>17,792</b>	17,668
<b>Effects of:</b>		
Group relief claimed	-	1,296
Capital allowances in excess of finance lease repayments	(19,081)	(25,441)
Brought forward losses utilised	(53,029)	-
Short term timing differences	6,969	6,477
Group relief surrendered	47,349	-
<b>Total current tax charge (see above)</b>	<b>-</b>	-

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **7 Debtors**

	2006 £	2005 £
<b>Due after more than one year</b>		
Receivable from PFI concession (see below)	<b>1,925,109</b>	1,922,031
	<b>2006 £</b>	<b>2005 £</b>
<b>Due within one year</b>		
Trade debtors	12,072	51,883
Amounts owed by group undertakings	1	1
Receivable from PFI concession (see below)	85,000	84,928
Other debtors	120,000	120,000
Prepayments and accrued income	48,491	61,175
	<b>265,564</b>	317,987

### **Finance lease receivable**

The net amount receivable Finance Leases comprises:

	2006 £	2005 £
Total amount receivable	4,400,982	4,534,116
Less interest allocated to future periods	(2,390,872)	(2,527,156)
	<b>2,010,110</b>	2,006,960

### **This is comprised of:**

	2006 £	2005 £
Due within one year	85,000	84,928
Due between 2 and 5 years	337,673	338,944
Due after more than 5 years	1,587,437	1,583,088
	<b>2,010,110</b>	2,006,960

The receivable from PFI concession due after more than one year includes an amount of £520,189 (2005 £432,111) 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 £221,212 (2005 £220,688)

The total amount receivable from PFI concession comprises the amount due from the NHS Trust under the terms of the PFI agreement for the acquisition of the property from the company. 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

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **8. Creditors' amounts falling due within one year**

	2006 £	2005 £
Trade creditors	13,913	28,151
Amounts owed to group undertakings	28,698	61,595
Other taxation and social security	10,604	10,615
Other creditors	99,127	75,897
Accruals and deferred income	45,207	1,580
	<u>197,549</u>	<u>177,838</u>

### **9. Creditors' amounts falling due after more than one year**

	2006 £	2005 £
<b>Loans due to Investors Finance Company Plc</b>		
Bond	2,500,000	2,500,000
Unamortised issue costs	(69,433)	(72,485)
	<u>2,430,567</u>	<u>(2,427,515)</u>
Loans due to NU 3Ps Limited	278,000	278,000
	<u>2,708,567</u>	<u>2,705,515</u>
 <b>Gross loans</b>	 <b>2,778,000</b>	 <b>2,778,000</b>
Unamortised issue costs	(69,433)	(72,485)
	<u>2,708,567</u>	<u>2,705,515</u>

The loans provided by Investors Finance Company Plc are unsecured and repayable in full on 30 September 2029. Interest is charged on these loans at an annual rate of 6.5% (2005: 6.5%). Investors Finance Company Plc is a group undertaking by virtue of it being a quasi subsidiary of NUPPP (Care Technology and Learning Centres) Limited (see note 14).

The loan from NU 3Ps Limited of £278,000 (2005: £278,000) is in respect of subordinated debt. In the event of the company being wound up, no amount will be paid in respect of this subordinated debt until all other creditors have been repaid in full. This loan is unsecured, interest free and repayable in full on 30 September 2029.

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **10 Deferred taxation**

	2006 £	2005 £
At 1 January	-	-
Charge for the year	51,193	-
	<u>51,193</u>	<u>-</u>
At 31 December	<u>51,193</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	2006 £	2005 £
Accelerated capital allowances	183,977	-
Tax losses brought forward	(103,047)	-
Short term timing differences	(29,737)	-
	<u>51,193</u>	<u>-</u>

The amount of deferred tax asset unrecognised is as follows

	2006 £	2005 £
Accelerated capital allowances	-	164,896
Tax losses carried forward	-	(201,998)
Short term timing differences	-	(22,767)
	<u>-</u>	<u>(59,869)</u>

In previous years there was no deferred tax charge as the timing differences created a tax asset

### **11. Called up share capital**

	2006 £	2005 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Issued, allotted and fully paid</b>		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

# **NU Local Care Centres (Chichester No. 5) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **12 Profit and loss account**

	Profit and loss account £
At 1 January 2006	(237,528)
Profit for the year	8,113
	<hr/>
Retained loss at 31 December 2006	(229,415)
	<hr/>

### **13 Reconciliation of movement in shareholder's deficit**

	2006 £	2005 £
Opening shareholder's deficit	(237,527)	(296,419)
Profit for the year	8,113	58,892
	<hr/>	<hr/>
Closing shareholder's deficit	(229,414)	(237,527)
	<hr/>	<hr/>

### **14 Immediate parent undertaking**

The directors regard NUPPP (Care Technology and Learning Centres) Limited as the immediate parent undertaking

### **15 Ultimate controlling party**

At 31 December 2006 the ultimate controlling party is Aviva plc. Aviva plc is a company registered in England No 2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

### **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 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.

There were no other related party transactions entered into by the company during the year.