

NU Local Care Centres (Chichester No.5) Limited
Registered in England No: 3649269

ANNUAL REPORT AND FINANCIAL STATEMENTS 2011



Contents

	Page
Directors and Officers	2
Directors' Report	3-5
Independent Auditors' Report	6-7
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10-16

Directors and Officers

Directors:

P F Ellis
C J W Laxton
I B Womack

Officer – Company Secretary

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

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

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

Registered Office

No 1 Poultry
London
EC2R 38EJ

Company Number

Registered in England and Wales No 3649269

Other Information

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

Directors' Report

For the year ended 31 December 2011

The directors present their annual report and the audited financial statements for ('the Company') for the year ended 31 December 2011

Directors

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

P F Ellis
C J W Laxton
I B Womack

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 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

The directors have reviewed the activities of the business for the period and the position as at 31 December 2011 and consider them to be satisfactory

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

Business Review

Financial Position and Performance

The financial position of the Company at 31 December 2011 is shown in the Balance Sheet on page 9, with trading results shown in the Profit and Loss account on page 8

Key Performance Indicators

The directors consider that the key performance indicator for the Company's business is post tax profit. A post tax profit of £71,094 was reported for the year (2010 £53,877)

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 2011 (2010 £nil)

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

Directors' Report (continued...)

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.

Employees

The Company has no employees.

Disclosure of Information to Auditors

Each person who was a director of the Company on the date that this report was approved, confirms that 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. 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.

Auditors

Following a competitive tender process by Aviva plc, PricewaterhouseCoopers LLP are to be proposed as auditor to the Company. Ernst & Young LLP will resign as auditor with effect from the signing of the Company's annual report and financial statements for the year ended 31 December 2011, and the General Partner will appoint PricewaterhouseCoopers LLP as auditor to the Company in accordance with the provisions of the Companies Act 2006 and the partnership deed. The change of auditor for the Company may require investor consent and therefore board approval will be conditional on that investor consent being obtained.

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 articles of association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985

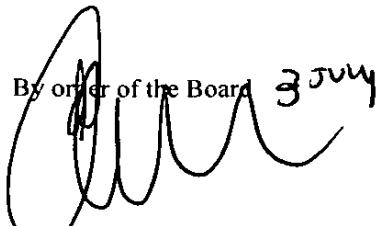
These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No 3, Consequential Amendments, Transitional Provisions and savings) Order 2007

Statement of Directors' Responsibilities

The directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Company's Act 2006 and in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice requires directors to

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in United Kingdom Generally Accepted Accounting Practice is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and
- state that the Company has complied with applicable United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for maintaining adequate accounting records which are intended to disclose with reasonable accuracy, the financial position of the Company at that time. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities

By order of the Board  3 July
Director
CLW LAXTON

2012

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

We have audited the financial statements of NU Local Care Centres (Chichester No 5) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement 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 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.

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 Director's Report 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 2011 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 properly 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.

Auditors' Report (continued...)

NU Local Care Centres (Chichester No 5) Limited
Company No 3649269



James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London, United Kingdom

5/7/2012

Profit and Loss account
For the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	411,089	412,931
Cost of sales		(157,806)	(150,696)
Gross profit		253,283	262,235
Administrative expenses	3	(7,560)	(13,631)
Operating profit		245,723	248,604
Interest receivable and similar income	4	5,166	26
Interest payable and similar charges	5	(165,851)	(165,752)
Profit on ordinary activities before taxation		85,038	82,878
Taxation	6	(13,944)	(29,001)
Profit for the financial year	14	71,094	53,877

All amounts in the profit and loss relate to continuing operations

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

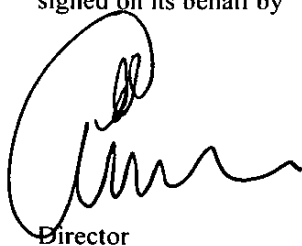
The notes on pages 10 to 16 form part of these financial statements

Balance sheet

As at 31 December 2011

	Note	2011 £	2010 £
Non-current assets			
Debtors amounts falling due after more than one year	7	1,888,136	1,903,623
Current assets			
Debtors amounts falling due within one year	7	202,946	286,108
Other current assets	8	39,889	41,664
Cash at bank and in hand	9	1,028,305	874,758
Total Current assets		<u>1,271,140</u>	<u>1,202,530</u>
Creditors: amounts falling due within one year	10	<u>(261,741)</u>	<u>(273,327)</u>
Net current assets		<u>1,009,399</u>	<u>929,203</u>
Total assets less current liabilities		2,897,535	2,832,826
Creditors amounts falling due after more than one year	11	(2,723,811)	(2,720,760)
Provision for liabilities			
Deferred tax	12	<u>(107,594)</u>	<u>(117,030)</u>
Net assets/(liabilities)		<u>66,130</u>	<u>(4,964)</u>
Capital and reserves			
Called up share capital	13	1	1
Retained earnings		<u>66,129</u>	<u>(4,965)</u>
Equity shareholders funds/(deficit)	14	<u>66,130</u>	<u>(4,964)</u>

The financial statements were approved and authorised for issue by the Board on 3 July 2012 and signed on its behalf by



Director

CJW LAXTON

The notes on pages 10 to 16 form part of these financial statements

1.Accounting policies

1.1Basis 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

1.2Going concern

At the balance sheet date the Company had net assets £66,130 (2010 net liabilities £4,964) 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

1.3Cash 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)

1.4Deferred tax

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

1.5Receivables from PFI concessions

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

1.6Receivables and other financial assets

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

1.7Other payables

Other payables are recognised on an accruals basis

1.8Interest payable on loans

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

1.9Finance 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

2. Turnover

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

3. Administrative expenses

Auditors' remuneration for audit services was £4,500 (2010 £4,410)

No staff were directly employed by the Company (2010 £nil)

The Directors received no emoluments for services to the Company for the financial year (2010 £nil)

4. Interest receivable and similar income

	2011 £	2010 £
Bank interest	5,166	26

5. Interest payable and similar charges

	2011 £	2010 £
Bank interest and similar charges	300	202
Amortisation of issue costs of loans due to group undertakings	3,051	3,050
Interest payable on loans due to group undertakings	162,500	162,500
Total interest payable and similar charges	165,851	165,752

6. Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
UK corporation tax charge on profit for the year	23,380	-
Deferred tax		
Accelerated capital allowances	(12,959)	7,876
Short term timing differences	(917)	1,860
Deferred tax assets not provided	4,440	(38,737)
Total deferred tax (see note 12)	(9,436)	29,001
Tax on profit on ordinary activities	13,944	29,001

6 Tax on profit on ordinary activities (continued.)

	2011 £	2010 £
Profit on ordinary activities before tax	85,038	82,878
Current charge at standard UK corporation tax rate of 26.5% (2010 28%)	22,535	23,206
Effects of:		
Capital allowance in excess of finance lease repayments	(3,979)	(5,626)
Brought forward losses utilised	-	(20,584)
Short term timing differences	4,824	7,056
Group relief surrendered	-	(4,052)
Total current tax charge (see above)	<u>23,380</u>	<u>-</u>

7. Debtors

	2011 £	2010 £
Due after more than one year		
Receivable from PFI concessions (see below)	<u>1,888,136</u>	<u>1,903,623</u>
Due within one year:		
Amounts owed by group undertakings	120,001	202,379
Receivables from PFI concessions (see below)	<u>82,945</u>	<u>83,729</u>
	<u>202,946</u>	<u>286,108</u>

In connection with the long term loan, the Company has previously advanced £120,000 (2010 £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:

	2011 £	2010 £
Total amount receivable	3,683,690	3,834,321
Less interest allocated to future periods	<u>(1,712,609)</u>	<u>(1,846,969)</u>
	<u>1,971,081</u>	<u>1,987,352</u>

7. Debtors (continued.)

This comprises of:

	2011 £	2010 £
Due within one year:		
Due within one year	82,945	83,729
Due between 2 & 5 years	319,218	324,767
Due after more than 5 years	1,568,918	1,578,856
Total	1,971,081	1,987,352

The receivables from PFI concessions due after more than one year include an amount of £903,836 (2010 £836,377) 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 £212,088 (2010 £219,601)

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 receivables from PFI concessions are based upon the expected repayments receivable from the NHS Trust after taking into account the residual value of the property at the end of the primary lease term.

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

The Directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts 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. Other current assets

	2011 £	2010 £
Prepayments	3,622	5,785
Accrued income	36,267	35,879
Total Other current assets	39,889	41,664

9. Cash at bank and in hand

Cash and cash equivalents includes £135,780 (2010 £130,555) 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 5) Limited.

Notes to the financial statements (continued...)

For the year ended 31 December 2011

NU Local Care Centres (Chichester No 5) Limited
Company No 3649269**10. Creditors: amounts falling due within one year**

	2011 £	2010 £
Trade creditors	12,600	12,618
Amounts owed to group undertakings	29,087	73,703
Other taxation and social security	37,300	11,415
Sinking fund	134,569	130,555
Accruals and deferred income	48,185	45,036
Total Creditor: amounts falling due within one year	261,741	273,327

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

	2011 £	2010 £
Loans due to Chichester Health Plc		
Loan	2,500,000	2,500,000
Unamortised issue cost	(54,189)	(57,240)
	<u>2,445,811</u>	<u>2,442,760</u>
Loans due to NU 3PS Limited	<u>278,000</u>	<u>278,000</u>
Total Creditor: amounts falling due after more than one year	2,723,811	2,720,760
Gross loan	2,778,000	2,778,000
Unamortised issue costs	(54,189)	(57,240)
	<u>2,723,811</u>	<u>2,720,760</u>

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% (2010: 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

	2011	2010
	£	£
At 1 January	117,030	88,029
(Charge)/credit for the year	<u>(9,436)</u>	<u>29,001</u>
At 31 December	<u>107,594</u>	<u>117,030</u>

The provision for deferred taxation is made up of

	2011	2010
	£	£
Accelerated capital allowances	167,547	180,506
Short term timing differences	(4,449)	(3,532)
Tax losses carried forward	<u>(55,504)</u>	<u>(59,944)</u>
	<u>107,594</u>	<u>117,030</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 2012 the corporate tax rate is expected to reduce to 25% (from 26%). On the basis that it is anticipated that the company's deferred tax liabilities are expected to unwind after 1 April 2012 the closing recognised deferred tax liability balance has been tax effected at the lower rate of 25%

Subsequent reductions of 1% each year thereafter until it reaches 23% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation. The maximum impact of the reduction in corporation tax to 23% is a reduction of £8,608 which could reduce the closing recognised deferred tax liability to £98,987

13. Share capital

	2011	2010
	£	£
Issued, allotted and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

Notes to the financial statements (continued...)

For the year ended 31 December 2011

NU Local Care Centres (Chichester No 5) Limited
Company No 3649269**14.Reconciliation of movement in shareholders' funds**

	Share capital £	Retained earnings £	Total £
At 1 January 2011	1	(4,965)	(4,964)
Retained profit for the financial year	-	71,094	71,094
At 31 December 2011	1	66,129	66,130

15.Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2010 £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 entity is NUPPP (Care Technology and Learning Centres) Limited

The ultimate controlling entity is Aviva plc whose registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ

Aviva plc's consolidated financial statements are available on application to the

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

and are available on the Aviva plc website www.aviva.com