

Registered number: 3649502

NU Local Care Centres (Chichester No. 1) Limited

**Report and financial statements
for the year ended 31 December 2008**



NU Local Care Centres (Chichester No. 1) Limited

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NU Local Care Centres (Chichester No. 1) Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

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 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 year and the position as at 31 December 2008 and consider them to be satisfactory.

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.

The Company's directors monitor the performance of the Company by reference to turnover and profit on ordinary activities before tax ("PBT"). Turnover during the year was £1,087,016 (2007: £1,063,218) and PBT was £207,809 (2007: £245,742).

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 (2007: £nil).

Directors

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 F Ellis
J Gottlieb (resigned 13/06/08)
I B Womack

Financial risk management

The Company's principal financial instrument comprises a loan. 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 loan has been issued at a fixed rate of interest
- Liquidity risk – the Company is supported by The Norwich Union Public Private Partnership Fund
- Credit risk – the Company has a fixed long term PFI agreement

NU Local Care Centres (Chichester No. 1) Limited

Directors' report for the year ended 31 December 2008

Policy on the payment of creditors

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

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 appropriate 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 judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2008 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 and regulations.

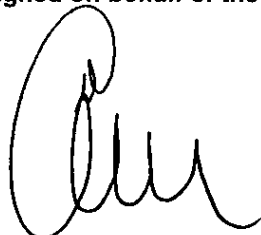
Disclosure of Information to Auditors

Each director has confirmed that so far as they are aware, there is no relevant audit information of which the Company'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 Company'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.

Signed on behalf of the directors



Director
Approved by the directors on 3 June 2009

NU Local Care Centres (Chichester No. 1) Limited

Independent auditors' report to the shareholders of NU Local Care Centres (Chichester No. 1) Limited

We have audited the Company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared in accordance with 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 financial statements in accordance with applicable law and United Kingdom 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.

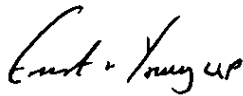
NU Local Care Centres (Chichester No. 1) Limited

Independent auditors' report to the shareholders of NU Local Care Centres (Chichester No. 1) 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 2008 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:

5/6/09

NU Local Care Centres (Chichester No. 1) Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		1,087,016	1,063,218
Cost of sales		(195,065)	(168,497)
Gross profit		891,951	894,721
Administrative expenses		(120,144)	(87,518)
Operating profit	2	771,807	807,203
Interest receivable and similar income	4	25,623	28,228
Interest payable and similar charges	5	(589,621)	(589,689)
Profit on ordinary activities before taxation		207,809	245,742
Tax on profit on ordinary activities	6	(62,840)	(147,221)
Profit for the financial year	12	144,969	98,521

All amounts relate to continuing operations.

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 these financial statements.

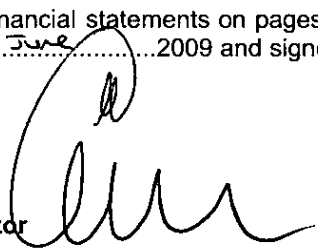
NU Local Care Centres (Chichester No. 1) Limited

Balance sheet as at 31 December 2008

		2008	2007
	Note	£	£
Current assets			
Debtors: amounts falling due after more than one year	7	6,625,154	6,635,689
Debtors: amounts falling due within one year	7	1,269,337	1,258,209
Cash at bank		1,827,447	1,601,421
		<u>9,721,938</u>	<u>9,495,319</u>
Creditors: amounts falling due within one year	8	<u>(680,755)</u>	<u>(622,599)</u>
Net current assets		<u>9,041,183</u>	<u>8,872,720</u>
Total assets less current liabilities		<u>9,041,183</u>	<u>8,872,720</u>
Creditors: amounts falling due after more than one year	9	(9,663,817)	(9,652,965)
Provisions for liabilities			
Deferred tax	10	<u>(234,744)</u>	<u>(222,102)</u>
Net liabilities		<u><u>(857,378)</u></u>	<u><u>(1,002,347)</u></u>
Capital and Reserves			
Called up share capital	11	1	1
Profit and loss account	12	<u>(857,379)</u>	<u>(1,002,348)</u>
Equity shareholders' deficit	13	<u><u>(857,378)</u></u>	<u><u>(1,002,347)</u></u>

The financial statements on pages 5 to 13 were approved and authorised for issue by the board of directors on 3 June 2009 and signed on its behalf by:

Director



NU Local Care Centres (Chichester No. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

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 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 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 that they will be recovered.

NU Local Care Centres (Chichester No. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

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 represents 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.

1.9 Interest payable on loans

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

1.10 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 profit and loss account.

2. Operating profit

Auditors' remuneration for audit services was £4,410 (2007: £4,200).

No staff were directly employed by the Company (2007: nil).

3. Directors' emoluments

Directors' fees amounted to £nil (2007: £nil) in respect of services to this company.

4. Interest receivable and similar income

	2008 £	2007 £
Bank interest	25,623	28,228

NU Local Care Centres (Chichester No. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

5. Interest payable and similar charges

	2008 £	2007 £
Bank interest and similar charges	269	337
Amortisation of issue costs of loans due to group undertakings	10,852	10,852
Interest payable on loans due to group undertakings	578,500	578,500
	<u>589,621</u>	<u>589,689</u>

6. Tax on profit on ordinary activities

	2008 £	2007 £
Current tax		
UK corporation tax charge on profits for the year	50,198	-
Deferred tax		
Accelerated capital allowances	20,166	(28,818)
Tax losses carried forward	4,397	190,164
Short term timing differences	(11,921)	(14,125)
Total deferred tax (see note 10)	<u>12,642</u>	<u>147,221</u>
Tax on profit on ordinary activities	<u>62,840</u>	<u>147,221</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK 28% (2007: 30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>207,809</u>	<u>245,742</u>
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 28.5% (2007 - 30%)	59,226	73,723
Effects of:		
Capital allowances in excess of finance lease repayments	(21,161)	(32,955)
Brought forward losses utilised	-	(142,213)
Short term timing differences	12,133	21,560
Group relief surrendered	-	79,885
Total current tax charge (see above)	<u>50,198</u>	<u>-</u>

NU Local Care Centres (Chichester No. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

7. Debtors

	2008 £	2007 £
Due after more than one year		
Receivable from PFI concession (see below)	<u>6,625,154</u>	<u>6,635,689</u>
Due within one year		
Trade debtors	-	8,168
Amounts owed by group undertakings	426,204	405,565
Receivable from PFI concession (see below)	285,967	286,680
Other debtors (note 16)	427,000	427,000
Prepayments and accrued income	130,166	130,796
	<u>1,269,337</u>	<u>1,258,209</u>

Finance lease receivable

The net amount receivable from PFI concession comprises:

	2008 £	2007 £
Total amount receivable	14,246,246	14,726,885
Less: interest allocated to future periods	(7,335,125)	(7,804,516)
	<u>6,911,121</u>	<u>6,922,369</u>

This is comprised of:

	2008 £	2007 £
Due within one year	285,967	286,680
Due between 2 and 5 years	1,124,537	1,133,629
Due after more than 5 years	5,500,617	5,502,060
Total	<u>6,911,121</u>	<u>6,922,369</u>

The receivable from PFI concession due after more than one year includes an amount of £2,431,214 (2007: £2,155,783) 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 £756,070 (2007: £756,578).

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. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

8. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	23,102	41,699
Amounts owed to group undertakings	4,200	17,572
Corporation tax	50,198	-
Other taxation and social security	34,042	40,579
Sinking fund	413,650	371,676
Accruals and deferred income	155,563	151,073
	<u>680,755</u>	<u>622,599</u>

9. Creditors: amounts falling due after more than one year

	2008 £	2007 £
Loans due to Investors Finance Company Plc		
Loan	8,900,000	8,900,000
Unamortised issue costs	(225,183)	(236,035)
	<u>8,674,817</u>	<u>8,663,965</u>
Loans due to NU 3PS Limited	<u>989,000</u>	<u>989,000</u>
	<u>9,663,817</u>	<u>9,652,965</u>
 Gross loans	 9,889,000	 9,889,000
Unamortised issue costs	(225,183)	(236,035)
	<u>9,663,817</u>	<u>9,652,965</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% (2007: 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 16).

The loan from NU 3PS Limited of £989,000 (2007: £989,000) represents 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. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

10. Deferred taxation

	2008 £	2007 £
At 1 January	222,102	74,881
Charge for the year	12,642	147,221
At 31 December	<u>234,744</u>	<u>222,102</u>

The provision for deferred taxation is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	433,912	413,746
Tax losses carried forward	(83,178)	(87,575)
Short term timing differences	(115,990)	(104,069)
	<u>234,744</u>	<u>222,102</u>

11. Called up share capital

	2008 £	2007 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued, allotted and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. Profit and loss account

	Profit and loss account £
At 1 January 2008	(1,002,348)
Profit for the year	144,969
At 31 December 2008	<u>(857,379)</u>

NU Local Care Centres (Chichester No. 1) Limited

Notes to the financial statements for the year ended 31 December 2008

13. Reconciliation of movement in shareholder's deficit

	2008 £	2007 £
Opening shareholder's deficit	(1,002,347)	(1,100,868)
Profit for the year	144,969	98,521
Closing shareholders' deficit	<u>(857,378)</u>	<u>(1,002,347)</u>

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 2008 the ultimate controlling party was 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 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.

The directors consider that Investors Finance Company Plc is a related party of the Company by virtue of it being a quasi subsidiary of NUPPP (Care Technology and Learning Centres) Limited.

At 31 December 2008, the Company owed Investors Finance Company Plc £8,900,000 (2007: £8,900,000) in respect of a long term loan. During the year, the Company paid £578,500 (2007: £578,500) of interest to Investors Finance Company Plc in respect of this loan. The principal terms of the loan are set out in note 9.

In connection with the long term loan, the Company has previously advanced £427,000 (2007: £427,000) (see note 7) to Investors Finance Company Plc. This balance is interest free and is repayable on expiry of the long term loan.

During the year the Company paid expenses of £19,707 (2007: £19,987) on behalf of Investors Finance Company Plc. At the year end the Company had a balance of £143,496 (2007: £123,789) due from this company.

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