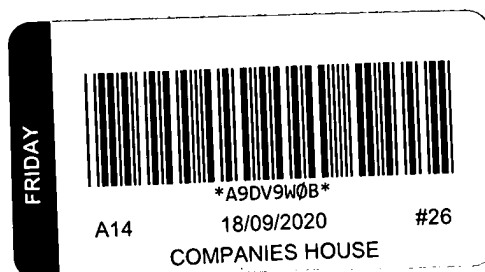


**NU LOCAL CARE CENTRES (CHICHESTER NO. 3)
LIMITED**

Registered in England and Wales No: 03649529

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

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NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Directors, Officers and Other Information

Directors

S K McLachlan
I Shervell
J R E Tarry

Officer – Company Secretary

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

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

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

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales No. 03649529

Directors' Report

For the year ended 31 December 2019

The directors present their report and audited financial statements for the Company for the year ended 31 December 2019.

Directors

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

S K McLachlan
I Shervell
J R E Tarry

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') in accordance with the PFI concession agreement dated 24 June 1999 (the "PFI Agreement").

The directors have reviewed the activities of the business for the year and the position as at 31 December 2019 and consider them to be satisfactory.

Future Outlook

There are no changes expected to the Company's activities for the foreseeable future.

Going Concern

At the balance sheet date the Company had net assets of £294,527 (2018: £220,594). 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, the directors continue to adopt the going concern basis in preparing the financial statements.

Events after the reporting financial year

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK real estate is yet to see the full impact of COVID-19 in terms of investment and occupier activity. Liquidity and transaction volumes for all but the best quality real estate are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Various initiatives have been enacted across government and the industry to protect occupiers.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The Company holds receivables from PFI concessions from Sussex Partnership NHS Foundation. The Directors have assessed the receivables from PFI concessions held by the company by reviewing the borrower strength.. All PFI receivables are from the NHS Trust which is backed by UK Government.

As at 31 December 2019, the Company had net current assets of £4,128,075. Working capital requirements are typically met through turnover from lease income and facilities management services. Following the outbreak of the COVID-19 pandemic subsequent to the year end, the Directors have assessed the financial and liquidity positions of the Company and have concluded that on this basis it continues to be a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Directors' Report (continued)

For the year ended 31 December 2019

Events after the reporting financial year (continued)

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no events to be disclosed or adjusted for in these audited financial statements, except those noted above.

Employees

The Company has no employees (2018: nil).

Disclosure of Information to the Auditors

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

- (a) so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
- (b) each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

It is the intention of the directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying Indemnity Provisions

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Directors' Report (continued)

For the year ended 31 December 2019

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006. A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2016 relating to small entities.

Directors' confirmations

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

On behalf of the Board

DocuSigned by:

3A5DE2FA7216407...
I Shervell
Director

14 September 2020

Independent auditors' report to the members of NU Local Care Centres (Chichester No.3) Limited

Report on the audit of the financial statements

Opinion

In our opinion, NU Local Care Centres (Chichester No.3) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of NU Local Care Centres (Chichester No.3) Limited (continued)

Reporting on other information (continued)

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Independent auditors' report to the members of NU Local Care Centres (Chichester No.3) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Gail Tucker

Gail Tucker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 September 2020

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Statement of Comprehensive Income
for the year ended 31 December 2019

	Note	£	£
Turnover	5	590,402	619,243
Cost of sales	6	(206,641)	(231,872)
Gross profit		383,761	387,371
Administrative expenses	7	(52,402)	(50,054)
Operating profit		331,359	337,317
Interest receivable and similar income	8	13,982	4,362
Interest payable and similar expenses	9	(251,649)	(251,649)
Profit before taxation		93,692	90,030
Tax on profit	10	(19,759)	(18,802)
Total comprehensive income for the financial year		73,933	71,228

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

The notes on pages 12 to 21 form an integral part of these financial statements.


NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Statement of Financial Position

As at 31 December 2019

		2019	2018
	Note	£	£
Current assets			
Cash at bank and in hand	11	2,052,978	1,812,654
Debtors: amounts falling due after more than one year	12	2,299,073	2,426,300
Debtors: amounts falling due within one year	12	132,464	112,133
Prepayments and accrued income	13	91,342	68,109
Total current assets		4,575,857	4,419,196
Creditors: amounts falling due within one year	14	(447,782)	(352,988)
Net current assets		4,128,075	4,066,208
Creditors: amounts falling due after more than one year	15	(3,756,940)	(3,752,292)
Provisions for liabilities			
Deferred taxation	16	(76,608)	(93,322)
Net assets		294,527	220,594
Capital and reserves			
Called up share capital	17	1	1
Retained earnings		294,526	220,593
Total shareholder's funds		294,527	220,594

The financial statements on pages 9 to 21 were approved by the Board of Directors on 14 September 2020 and signed on its behalf by:

DocuSigned by:

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I Shervell
Director

The notes on pages 12 to 21 form an integral part of these financial statements.

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Statement of Changes in Equity
For the year ended 31 December 2019

	Called up share capital	Retained earnings	Total shareholder's funds
	£	£	£
Balance as at 1 January 2018	1	149,365	149,366
Profit for the financial year	-	71,228	71,228
Total comprehensive income for the year	-	71,228	71,228
Balance as at 31 December 2018	1	220,593	220,594
Balance as at 1 January 2019	1	220,593	220,594
Profit for the financial year	-	73,933	73,933
Total comprehensive income for the year	-	73,933	73,933
Balance as at 31 December 2019	1	294,526	294,527

The notes on pages 12 to 21 form an integral part of these financial statements.

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

NU Local Care Centres (Chichester No. 3) Limited provides facilities management services to a mental health unit constructed under a PFI with the NHS Trust.

The Company is a private company limited by shares and is incorporated in England. The registered office is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of NU Local Care Centres (Chichester No. 3) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The PFI Agreement meets the definition of a Service Concession Arrangement under FRS 102, but the company has elected to take the exemption under FRS 102 paragraph 35.10(i) to continue to apply its previous accounting treatment under UK GAAP, as the PFI Agreement was entered into prior to the date of transition to FRS 102. Accordingly, the assets under the PFI Agreement have continued to be accounted for as finance leases and the related income from facilities management services has been accounted for as a service contract.

b) Strategic report and Directors' report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities. The Directors' report has been prepared with reduced disclosures in accordance with the provisions applicable to companies entitled to the small companies exemption in section 415A of the Companies Act 2006.

c) Cash flow statement

The Company has taken advantage of the exemption, under FRS 102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent entity, Norwich Union Public Private Partnership Fund, includes the Company's cash flows in its own consolidated financial statements.

d) Going concern

At the balance sheet date the Company had net assets of £294,527 (2018: £220,594). The directors have reviewed the current and projected financial position of the Company making reasonable assumptions about future trading performance. 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.

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements (continued)
for the year ended 31 December 2019

3. Accounting policies (continued)

e) Taxation

(i) Current tax

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

(ii) Deferred tax

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

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

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

f) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables and cash at bank and in hand balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Finance lease receivables from PFI concessions represent outstanding amounts due under finance lease arrangements less finance charges allocated to future periods. Unitary payments receivable are allocated between turnover and the reimbursement of the finance lease receivable based on the effective interest rate.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements (continued)

for the year ended 31 December 2019

3. Accounting policies (continued)

f) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs).

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Debt instruments that are classified as payable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, is cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

g) Turnover

Turnover comprises finance lease income and facilities management income. At the commencement of the operational phase of the PFI Agreement a financial model ("Financial Model") established in accordance with the PFI concession agreement dated 24 June 1999 in which cash flows are allocated to the finance lease and facilities management income using a property specific rate.

i. Finance lease income from PFI concession

Cash flows allocated to the finance lease are then split between interest income and the capital element of the lease using the effective interest rate method. At the beginning of the PFI Agreement, the cash payments received are lower than the capital and income returns from the Financial model. As such, the lease debtor increases over the first half of the lease term. As the term of the PFI Agreement progresses, the cash payments received will eventually exceed the finance lease income recognised and the receivable balance will reach nil at the conclusion of the PFI Agreement.

ii. Facilities management

The facilities management income comprises of the following:

- a) Income allocated from the Financial model and Income for services provided (e.g. laundry, waste management and pest control) as it fulfils its contractual obligations in respect of those services.
- b) Sinking fund income in respect of major maintenance and replacement works is recognised in accordance with accounting policy (p).

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements (continued)

for the year ended 31 December 2019

3. Accounting policies (continued)

h) Cost of sales

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

i) Administrative expenses

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

j) Interest receivable and similar income

Interest receivable on cash and cash on deposit is recognised on an accruals basis.

k) Interest payable and similar expenses

Interest payable on loans is charged to the Statement of Comprehensive Income using the effective interest rate (EIR) method.

Finance costs incurred in relation to the raising of loan finance are amortised to the Statement of Comprehensive Income over the period of the loan facility.

l) Dividends

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

m) Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit, both of which are immediately available and cash held within the sinking fund which is not immediately available.

n) Functional currency

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

o) Related party transactions

The Company, being an indirect wholly owned subsidiary of Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the FRS 102 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund.

p) Sinking Fund

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the Company has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its Statement of Comprehensive Income. Differences between the sinking fund and the related bank account are due to timing differences in invoices and actual cash receipts and payments.

4. Critical accounting adjustments and estimation uncertainty

The preparation of the Company's Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements (continued)
for the year ended 31 December 2019

4. Critical accounting adjustments and estimation uncertainty (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a. Determination of Property specific rate

The accounting for service concession contracts and receivables from PFI concessions requires management to estimate a property specific rate which affects the allocation of cash flows between finance lease and Facilities Management income over the term of the PFI greement. This rate was calculated at the commencement of the operational phase of the PFI concession and was based on the Company's cost of borrowings attributable to the property construction cost at that date. Although this rate was determined at the commencement of the operational phase of the PFI Agreement, it affects the recognition of finance lease income in each accounting period.

b. Impairment assessment

In assessing whether there is any impairment of receivables from PFI concessions, in accordance with accounting policy (f)(i) management assess whether an allowance for impairment should be recorded in the financial statements. An impairment loss is recognised if there are indicators of impairment e.g. defaults in repayments or receipts when due and economic condition of the NHS Trust. Judgement is involved in performing these impairment analysis and determining the amount of impairment if any required.

5. Turnover

	2019 £	2018 £
Finance lease income from PFI concession	168,820	175,910
Facilities management	421,582	443,333
Total turnover	<u>590,402</u>	<u>619,243</u>

There is no geographical business segment and thus segmental disclosures of turnover are not provided.

6. Cost of sales

	2019 £	2018 £
Facilities management	190,718	176,294
Sinking fund	6,585	45,829
Other	9,338	9,749
Total cost of sales	<u>206,641</u>	<u>231,872</u>

7. Administrative expenses

	2019 £	2018 £
Independent auditors' fees – audit services	4,184	4,179
Fund Manager's Fees	7,096	7,498
Asset & Operations Management Fees	38,581	37,631
Taxation services	1,966	774
Other costs/(gains)	575	(28)
Total administrative expenses	<u>52,402</u>	<u>50,054</u>

The Company had no employees during the financial year (2018: nil). The Directors received no emoluments for services to the Company for the financial year (2018: £nil)

During the year no non-audit fees were paid to statutory auditors (2018: £nil).

NU Local Care Centres (Chichester No. 3) Limited
Registered in England and Wales: No. 03649529

Notes to the Financial Statements (continued)
for the year ended 31 December 2019

8. Interest receivable and similar income

	2019 £	2018 £
Bank interest	13,982	4,362
Total interest receivable and similar income	13,982	4,362

9. Interest payable and similar expenses

	2019 £	2018 £
Amortisation of issue costs of loans due to group undertakings	4,649	4,649
Interest payable on loans due to group undertakings	247,000	247,000
Total interest payable and similar expenses	251,649	251,649

10. Tax on profit

(a) Tax reconciliation

	2019 £	2018 £
Current tax		
UK corporation tax charge on profit for the year	36,482	34,119
Adjustments in respect of prior period	(9)	(91)
Total current tax	36,473	34,028
Deferred tax		
Origination and reversal of timing differences	(16,714)	(15,226)
Total deferred tax (see note 16)	(16,714)	(15,226)
Tax on profit	19,759	18,802

(b) Factors affecting total tax charge for the year

	2019 £	2018 £
Profit before taxation	93,692	90,030
Current charge at standard UK corporation tax rate of 19% (2018: 19%)	17,801	17,106
Effects of:		
Income not deductible for tax purposes	-	(4)
Adjustments in respect of prior period	(9)	(91)
Adjust closing deferred tax to average rate of 19% (2018: 19%)	(9,012)	(10,979)
Adjust opening deferred tax to average rate of 19% (2018: 19%)	10,979	12,770
Total tax charge	19,759	18,802

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly the Company's profit for this accounting year are taxed at a standard rate of 19% (2018: 19%).

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10. Tax on profit (continued)

The deferred tax balances in Note 16 have been calculated using the future tax rate in force at the balance sheet date, being 17%. On 11 March 2020, the government announced that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net recognised deferred tax asset position by £9,013.

11. Cash at bank and in hand

Cash at bank and in hand includes £236,892 (2018: £170,787) 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 the Company for any other purpose.

12. Debtors

	2019 £	2018 £
Amounts falling due after more than one year:		
Receivables from PFI concession (see below)	2,299,073	2,426,300
Total debtors falling due after more than one year	2,299,073	2,426,300
Amounts falling due within one year:		
Trade debtors	4,541	-
Receivables from PFI concession (see below)	127,227	112,133
Other debtors	696	-
Total debtors falling due within one year	132,464	112,133
Total debtors	2,431,537	2,538,433

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Receivables from PFI concessions

The net amount from PFI concession comprises:

	2019 £	2018 £
Total future payments	3,469,576	3,750,529
Less: interest allocated to future years	(1,043,276)	(1,212,096)
Total receivables from PFI concessions	2,426,300	2,538,433

This comprises of:

	2019 £	2018 £
Amounts falling due within one year	127,227	112,133
Amounts falling due between 2 and 5 years	686,021	612,319
Amounts falling due after more than 5 years	1,613,052	1,813,981
Total	2,426,300	2,538,433

The receivables from PFI concessions due after more than one year include an amount of £1,759,595 (2018: £1,763,843) 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.

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12. Debtors (continued)

The total amount receivable from PFI concessions comprises the amount owed by 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 (2018: £nil).

In the operational phase of the PFI Agreement 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 owed by the NHS Trust in debtors after deducting finance charges allocated to future years. The value of the receivable from PFI concessions are based upon the expected repayments receivable from the NHS Trust.

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 Statement of Comprehensive Income 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 owed by the NHS Trust. This risk on default on payments is deemed limited due to the counter party being a public body supported by the government.

13. Prepayments and accrued income

	2019 £	2018 £
Prepayments	1,781	1,767
Accrued income	89,561	66,342
Total prepayments and accrued income	<u>91,342</u>	<u>68,109</u>

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,162	1,309
Sinking fund	235,684	192,685
Amounts owed to group undertakings	84,791	41,186
Sundry creditors - VAT	24,541	24,359
Accruals and deferred income	100,604	93,449
Total creditors amounts falling due within one year	<u>447,782</u>	<u>352,988</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2019 £	2018 £
Amounts owed to group undertakings		
Loan due to NUPPP (Care Technology and Learning Centres) Limited	3,800,000	3,800,000
Gross loan	<u>3,800,000</u>	<u>3,800,000</u>
Unamortised issue costs	(43,060)	(47,708)
Total creditors amounts falling due after more than one year	<u>3,756,940</u>	<u>3,752,292</u>

The loans are unsecured and repayable in full on 31 March 2031. Interest is charged on these loans at an annual rate of 6.50% (2018: 6.50%).

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Notes to the Financial Statements (continued)
for the year ended 31 December 2019

16. Deferred taxation

	2019 £	2018 £
Balance as at 1 January	93,322	108,548
Credit for the year	(16,714)	(15,226)
Balance as at 31 December	<u>76,608</u>	<u>93,322</u>

The provision for deferred taxation is made up of:

	2019 £	2018 £
Accelerated capital allowances	155,639	161,173
Short term timing differences	(68,958)	(57,777)
Tax losses carried forward	(10,073)	(10,074)
Total provision for deferred taxation	<u>76,608</u>	<u>93,322</u>

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

Legislation already enacted at the balance sheet date meant that the corporate tax rate was expected to reduce to 17% from 1st April 2020. However, the March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge.

On 11 March 2020, the government announced that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net recognised deferred tax liability position by £9,013.

17. Called up share capital

	2019 £	2018 £
The allotted, called up and fully paid share capital of the Company at 31 December was:		
1 (2018: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

18. Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2018: £nil).

19. Related party transactions

The Company, being an indirect, wholly owned subsidiary of Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the FRS 102 from disclosing related party transactions with entities that are part of the group headed by Norwich Union Public Private Partnership Fund.

Copies of the financial statements of Norwich Union Public Private Partnership Fund are available on application to the Company Secretary, Aviva Investors, St Helen's, 1 Undershaft, London, EC3P 3DQ.

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20. Parent and ultimate controlling entity

The Company's immediate parent undertaking is NUPPP (Care Technology and Learning Centres) Limited. Norwich Union Public Private Partnership Fund, which has 100% interest of the immediate parent undertaking is the smallest group of undertakings to provide consolidated financial statements for the years ended 31 December 2019 and 31 December 2018. The consolidated financial statements of Norwich Union Public Private Partnership Fund are available on application to:

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

The General Partner of the Norwich Union Public Private Partnership Fund is NUPPP (GP) Limited, a company incorporated in Great Britain and registered in England and Wales.

The Norwich Union Public Private Partnership Fund is controlled by NUPPP (GP) Limited. However, the beneficial interest is held by The Lime Property Fund Limited Partnership. The Lime Property Fund Limited Partnership is the largest group to provide consolidated financial statements for the years ended 31 December 2019 and 31 December 2018, including the results of the Norwich Union Public Private Partnership Fund (and therefore this company) and are available on application to:

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

The Lime Property Fund Limited Partnership is controlled by The Lime (General Partner) Limited but its ultimate parent undertaking is Lime Property Fund Unit Trust, which is registered in Jersey.

21. Subsequent events

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

UK real estate is yet to see the full impact of COVID-19 in terms of investment and occupier activity. Liquidity and transaction volumes for all but the best quality real estate are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Various initiatives have been enacted across government and the industry to protect occupiers.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The Company holds receivables from PFI concessions from Sussex Partnership NHS Foundation. The Directors have assessed the receivables from PFI concessions held by the company by reviewing the borrower strength. All PFI receivables are from the NHS Trust which is backed by UK Government.

As at 31 December 2019, the Company had net current assets of £4,128,075. Working capital requirements are typically met through turnover from lease income and facilities management services. Following the outbreak of the COVID-19 pandemic subsequent to the year end, the Directors have assessed the financial and liquidity positions of the Company and have concluded that on this basis it continues to be a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no events to be disclosed or adjusted for in these audited financial statements, except those noted above.