

BUILDING A FUTURE (NEWHAM SCHOOLS) LIMITED

Registered in England and Wales No. 4126215

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012



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Building a Future (Newham Schools) Limited

Directors and Officers

Directors:

D A S Dahan
I B Womack

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

No 1 Poultry
London
EC2R 8EJ

Company Number

Registered in England and Wales No 4126215

Other Information

Building a Future (Newham Schools) Limited (the 'Company') is a member of the Aviva plc group of companies (the 'Group')

Directors' Report

For the year ended 31 December 2012

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

Directors

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

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

Principal Activities

The Company's principal activity is to provide facilities management services to three schools constructed under a private finance initiative ("PFI") with the London Borough of Newham

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

Business Review

Financial Position and Performance

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

Future Outlook

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

Principle Risks and Uncertainties

The directors consider the key risks facing the Company to be the recoverability of the amounts due from the London Borough of Newham. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor

Key Performance Indicators ('KPI')

The directors consider that the key performance indicator for the Company's business is post tax profit. A post tax profit of £25,636 was reported for the year (2011 loss £119,475)

Results and Dividends

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

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

Directors' Report (continued)

Risk and capital management policies

(a) Approach to risk and capital management

The Company operates within the governance structure and priority framework of the Aviva 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 London Borough of Newham.

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 the Auditor

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

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

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

Directors' Report (continued)

Directors' Liabilities

Aviva Plc, the Company's ultimate parent, has granted an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985, which continue to apply in relation to any provision made before 1 October 2007

This indemnity was granted in 2004 and the provisions in the Company's 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 responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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

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

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

By order of the Board  25 July 2013

I B Womack
Director

Independent auditors' report to the members of Building a Future (Newham Schools) Limited

We have audited the financial statements of Building a Future (Newham Schools) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Sandra Dowling (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London, United Kingdom

26 July 2013

Building a Future (Newham Schools) Limited
Registered in England and Wales No 4126215
Profit and loss account
for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	4,395,455	4,538,126
Cost of sales	3	(4,318,585)	(4,588,695)
Gross profit/(loss)		76,870	(50,569)
Administrative expenses	4	(6,945)	(6,970)
Operating profit/(loss)		69,925	(57,539)
Interest receivable and similar income	6	4,576	4,105
Profit/(loss) on ordinary activities before taxation		74,501	(53,434)
Tax on profit/(loss) on ordinary activities	7	(48,865)	(66,041)
Profit/(loss) for the financial year		25,636	(119,475)

All amounts reported in the profit and loss account relate to continuing operations

There are no recognised gains or losses in the year other than the profit/(loss) for the financial year

The notes on pages 10 to 14 form an integral part of these financial statements

Balance sheet

as at 31 December 2012

	Note	2012 £	2011 £
Current assets			
Debtors amounts falling due after more than one year	8	2,373,897	2,373,897
Debtors amounts falling due within one year	8	1,749	86,073
Prepayments and accrued income	9	638,990	476,781
Cash at bank and in hand	10	3,708,632	3,270,441
Total current assets		6,723,268	6,207,192
Creditors: amounts falling due within one year	11	(6,145,007)	(5,654,567)
Net current assets		578,261	552,625
Total assets less current liabilities		578,261	552,625
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		577,261	551,625
Total shareholders' funds	13	578,261	552,625

The financial statements were approved by the board of directors on 1st July 2013 and were signed on its behalf by



I B Womack
Director

The notes on pages 10 to 14 form an integral part of these financial statements

1. Accounting policies

a) Basis of preparation

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

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

b) Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

c) Cash flow statement

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

d) 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 profits will be available against which they can be realised

e) Receivables 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

f) Tax on profit/(loss) on ordinary activities

Tax is based on profit/(loss) for the year and charged at the standard UK corporation tax rate

The company includes no recognised or unrecognised tax deferred tax assets and liabilities at the balance sheet date

g) Other payables

Other payables are recognised on an accruals basis

h) Administrative expenses

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

2. Turnover

Turnover which excludes value added tax, represents rents and service charges due for the year, amounts invoiced in respect of facilities management services provided, and other income earned under a PFI concession agreement, dated 30 March 2001

3. Cost of sales

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

4. Administrative expenses

Audit fees of £3,825 (2011 £4,500) have been accrued for the year

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

5. Particulars of employees

The Company had no employees during the financial year (2011 nil)

6. Interest receivable and similar income

	2012 £	2011 £
Interest receivable	4,576	4,105
Total interest receivable and similar income	4,576	4,105

7. Tax on profit/(loss) on ordinary activities

(a) Tax reconciliation

	2012 £	2011 £
Current tax		
UK Corporation tax on profits for the year	48,865	66,041
Total current tax (credit)/charge	48,865	66,041
Deferred tax		
Short term timing differences	11,947	49,335
Accelerated capital allowances	5,902	27,661
Total deferred tax	17,849	76,996
Total tax on profit on ordinary activities	66,714	143,037

(b) Factors affecting current tax charge for the year

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	74,501	(53,434)
Current charge/(credit) at standard UK corporation tax rate of 24.5% (2011 26.5%)	18,252	(14,160)
Effects of		
UK Corporation tax in respect of prior periods	(6,042)	419
Capital allowances in excess of depreciation	(13,395)	(15,101)
Short term timing differences	50,050	94,883
Current tax charge for the year	48,865	66,041
Total current tax charge on ordinary activities for the year	48,865	66,041

7. Tax on profit/(loss) on ordinary activities (continued)

(c) Deferred tax

	2012 £	2011 £
Balance as at 1 January	223,370	146,374
Charge for the year	17,849	76,996
Balance as at 31 December	241,219	223,370

The provision for deferred taxation is made up of:

	2012 £	2011 £
Short term timing differences	158,622	146,675
Accelerated capital allowances	82,597	76,695
Deferred tax asset not provided	241,219	223,370

The above deferred tax assets have not been recognised because there is insufficient evidence under FRS 19 as to the availability of suitable taxable profits in the foreseeable future

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

Subsequent reductions of 1% each year thereafter until it reaches 21% 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 21% is a reduction of £20,976 which could reduce the closing unrecognised deferred tax asset to £220,243

8. Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,749	86,073
Total debtors amounts falling due within one year	1,749	86,073
Amounts falling due after more than one year		
Amounts owed by group undertakings	2,373,897	2,373,897
Total debtors amounts falling due after more than one year	2,373,897	2,373,897
Total debtors	2,375,646	2,459,970

9. Prepayments and accrued income

	2012 £	2011 £
Prepayments	23,432	23,357
Accrued income	615,558	453,424
Total prepayments and accrued income	638,990	476,781

10. Cash at bank and in hand

Cash at bank and in hand includes £3,117,235 (2011 £2,811,750) which relates to amounts paid by London Borough of Newham into a sinking fund to fund the replacement and repair of certain assets. The cash cannot be accessed by the Company.

11. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	(126,581)	(321,205)
Amounts owed to group undertakings	(2,593,280)	(2,413,133)
Sinking fund	(3,117,235)	(2,811,750)
Sundry creditors - VAT	(157,663)	(60,638)
Sundry creditors – taxation	(1,137)	-
Accruals and deferred income	(149,111)	(47,841)
Total creditors amounts falling due within one year	<u>(6,145,007)</u>	<u>(5,654,567)</u>

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.

12. Called up share capital

	2012 £	2011 £
The allotted, called up and fully paid share capital of the Company at 31 December was		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

13. Reconciliation of movements in shareholders' funds

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2012	1,000	551,625	552,625
Profit for the financial year	-	25,636	25,636
At 31 December 2012	<u>1,000</u>	<u>577,261</u>	<u>578,261</u>

14. Contingent liabilities and capital commitments

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

15. 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 Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Norwich Union Public Private Partnership Fund group.

Copies of the financial statements of the Norwich Union Public Private Partnership Fund (NUPPP) are available on application to the Company Secretary, Aviva Investors, No 1 Poultry, London EC2R 8EJ.

16. Parent and ultimate controlling entity

The immediate parent undertaking is NU 3PS Limited

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

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

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