

Registered in England No: 4187974

NU Local Care Centres (Farnham) Limited

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004



NU Local Care Centres (Farnham) Limited

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NU Local Care Centres (Farnham) Limited

Directors' Report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activity and business review

The principal activity is to provide healthcare and serviced facilities under a private finance initiative ("PFI") with Surrey and Hampshire Borders NHS Trust.

The directors have reviewed the activities of the business for the period and the position as at 31 December 2004 and consider them to be satisfactory.

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 year (period ended 31 December 2003:£nil).

Directors and their interests in shares of the company

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

C J W Laxton
P J Clark
P F Ellis

None of the directors held any disclosable beneficial interests in the Company at 31 December 2004, or at any time during the year.

NU Local Care Centres (Farnham) Limited

Directors' report

for the year ended 31 December 2004 (continued)

Policy on the payment of creditors

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.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

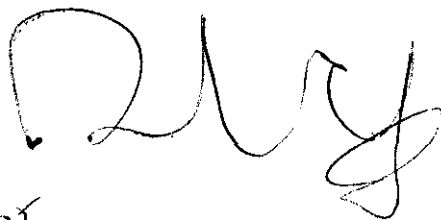
- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

A resolution to re-appoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

Director



Date:

9/6/05

NU Local Care Centres (Farnham) Limited

Independent auditors' report to the members

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared on the basis of 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

As described in the *Statement of Directors' Responsibilities* the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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 (Farnham) Limited

Independent auditors' report to the members (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

**Ernst & Young LLP
Registered Auditor
London**

Date: *17 June 2005*

NU Local Care Centres (Farnham) Limited

Profit and Loss Account for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	2,174,627	926,689
Cost of sales		<u>(1,997,899)</u>	<u>(918,108)</u>
Gross Profit		176,728	8,581
Administrative expenses		<u>(24)</u>	<u>(868)</u>
Operating Profit	3	176,704	7,713
Interest receivable	5	<u>30,645</u>	<u>32,794</u>
Profit on ordinary activities before taxation		207,349	40,507
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the financial year		207,349	40,507

All results are in respect of continuing activities.

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

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents.

The notes on pages 7 to 11 form part of these accounts.

NU Local Care Centres (Farnham) Limited

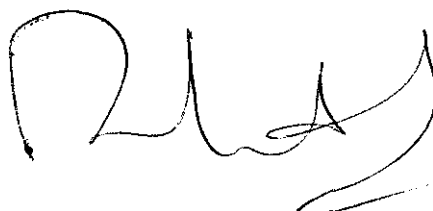
Balance sheet

as at 31 December 2004

	Notes	2004 £	2003 £
Current assets			
Debtors	7	982,897	1,233,975
Cash at bank and in hand		<u>489,668</u>	<u>560,878</u>
		1,472,565	1,794,853
Creditors: amounts falling due within one year	8	<u>(1,215,715)</u>	<u>(1,745,352)</u>
Net current assets		<u>256,850</u>	<u>49,501</u>
Total assets less current liabilities		<u>256,850</u>	<u>49,501</u>
Capital and Reserves			
Called up share capital	9	100	100
Profit and loss account		256,750	49,401
Shareholder's funds	10	<u>256,850</u>	<u>49,501</u>

The financial statements on pages 5 to 11 were approved by the board of directors on
9/6/2005 and signed on its behalf by:

Director



NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2004

1. Accounting Policies

Basis of preparation

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

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).

Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Assets in the Course of Construction

Where projects have commenced construction, or the Fund is required to supply construction funding, monies advanced are classified as "assets in the course of construction" and are held as fixed assets. These assets are carried at cost less any provision for impairment in value, and are not ordinarily depreciated. On completion the project is transferred to the Norwich Union Public Private Partnership Fund in settlement of its obligation to that entity.

NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

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 Private Finance Initiatives ("PFI") concession agreements.

3. Operating Profit

Auditors' remuneration was borne by the parent undertaking.

The directors do not believe it is practicable to apportion amounts received between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

4. Particulars of employees

The company had no employees during the year (2003: Nil).

5. Interest receivable and similar income

	2004	2003
	£	£
Bank Interest	<u>30,645</u>	<u>32,794</u>

NU Local Care Centres (Farnham) Limited **Notes to the financial statements** **for the period ended 31 December 2003 (continued)**

6. Tax on Profit on ordinary activities

There is no tax charge for the year due to the availability of group relief (period ended 31 December 2003: £nil).

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK of 30%, (2003: 30%). The differences are explained below.

	2004	2003
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	207,349	40,507
	<hr/>	<hr/>
Current tax at 30% (2003: 30%)	62,205	12,152
Effects of:		
Short term timing differences	59,166	15,926
Group relief	(121,371)	(28,078)
Tax losses carried forward	-	-
	<hr/>	<hr/>
Total current tax charge (see below)	<hr/> <hr/>	<hr/> <hr/>
	Not	Not
	recognised	recognised
	2004	2003
	£	£
Short term timing differences	75,092	15,926
Tax losses	-	301
	<hr/>	<hr/>
Deferred tax asset not provided	<hr/> <hr/>	<hr/> <hr/>

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

NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

7. Debtors

	2004 £	2003 £
Due within one year		
Trade debtors	-	741,760
Other debtors	263,549	96,552
Amounts owed by fellow subsidiary undertakings	100,844	
Prepayments and accrued income	618,504	395,663
	<u>982,897</u>	<u>1,233,975</u>

8. Creditors: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	(606,531)	(843,899)
Amounts due to other group companies	-	(476,255)
Retentions	(295,954)	(287,628)
Sinking funds	(252,754)	(53,087)
Accruals and deferred income	(60,476)	(84,483)
	<u>(1,215,715)</u>	<u>(1,745,352)</u>

9. Share capital

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004 £	2003 £
100 Ordinary share of £1	<u>100</u>	<u>100</u>

NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

10. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	207,349	40,507
Opening shareholders' funds	<u>49,501</u>	<u>8,994</u>
Closing shareholders' equity funds	<u><u>256,850</u></u>	<u><u>49,501</u></u>

11. Immediate parent undertaking

The directors regard NU 3PS Limited as the immediate parent undertaking. The ultimate parent undertaking is the Norwich Union Public Private Partnership Fund.

12. Ultimate controlling party

At 31 December 2004 the ultimate controlling party is Aviva plc. Aviva plc is a company registered in England No.2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

In June 2004 Uberior Infrastructure Investments Limited, a subsidiary of HBOS plc, sold its interests in Norwich Union Public Private Partnership to the other limited partner, Norwich Union Life and Pensions Limited. On 1 July 2004 Norwich Union Life and Pensions Limited exchanged its interest in Norwich Union Public Private Partnership for a share in a new fund, The Lime Property Fund. The ultimate controlling party remained Aviva plc.

13. Related party transactions

The company, being a wholly owned subsidiary of NU 3PS Limited, 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.