

Registered in England No: 4187974

NU Local Care Centres (Farnham) Limited

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005



NU Local Care Centres (Farnham) Limited

Contents

	Page
Directors' report	1-2
Statement of directors' responsibilities in respect of financial statements	3
Independent auditors' report	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-12

NU Local Care Centres (Farnham) Limited

Directors' Report

for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

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 2005 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 2004:£nil).

Directors and their interests

P F Clark, P F Ellis and C J W Laxton served as directors of the Company throughout the year.

The table below shows the interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in Aviva plc. Details of any options and awards held through Aviva plc's share schemes and incentive plans are shown on page 2. All the disclosed interests are beneficial.

	At 1 January 2005 Number	Shares Acquired Number	Shares Disposed Number	At 31 December 2005 Number
P J Clark	1,457	708	-	2,165
P F Ellis	1,693	-	-	1,693
C J W Laxton	2,017	733	-	2,750

NU Local Care Centres (Farnham) Limited

Directors' report

for the year ended 31 December 2005 (continued)

Incentive plans

Details of the directors who held office at the end of the financial year, and hold options to subscribe for ordinary shares of Aviva plc or hold awards over shares in CGNU plc, pursuant to Aviva plc's share scheme based incentive plans, are set out below:

(a) Share options	At 1 January 2005	Options granted during Year	Options exercised, lapsed or cancelled during year	At 31 December 2005
	Number	Number	Number	Number
P J Clark				
Savings related options	4,096	-	-	4,096
P F Ellis				
Savings related options	2,356	-	2,356	-
Executive options	-	-	-	-
C J W Laxton				
Savings related options	2,339	-	1,885	454
Executive options	419	-	-	419

"Saving related options" are options granted under the Inland Revenue-approved Aviva SAYE Share Option Scheme. Options granted from 1994 to 2002 are normally exercisable during the six month period following either the third, fifth or seventh anniversary of the relevant savings contract.

"Executive options" are those granted under the Aviva plc Executive Share Option Schemes, or predecessor schemes. Options, which have been granted on various dates from 1993 to 2002, are normally exercisable between the third and tenth anniversaries of their date of grant. Options granted after 1997 are only exercisable if certain performance conditions are met.

During the year no directors exercised any share options and therefore no gains on such were made.

Other than as disclosed above, none of the directors who held office at 31 December 2005 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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.

NU Local Care Centres (Farnham) Limited

Statement of directors' responsibilities in respect of financial statements

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 and of the result for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies 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;
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' report are listed on page 1 of these financial statements. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



Director

31 October 2006

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 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 parent company 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mistakes 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 December 2005 and of its profit for the year then ended; and
- 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

Ernst & Young LLP

Registered Auditor

London

31

October 2006

NU Local Care Centres (Farnham) Limited

Profit and Loss Account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	2,164,485	2,174,627
Cost of sales		<u>(2,121,948)</u>	<u>(1,997,899)</u>
Gross profit		42,537	176,728
Administrative expenses		<u>(17)</u>	<u>(24)</u>
Operating profit	3	42,520	176,704
Interest receivable	5	<u>31,130</u>	<u>30,645</u>
Profit on ordinary activities before taxation		73,650	207,349
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u>73,650</u>	<u>207,349</u>

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 8 to 12 form part of these accounts.

NU Local Care Centres (Farnham) Limited

Balance sheet

as at 31 December 2005

	Notes	2005 £	2004 £
Current assets			
Debtors	7	613,395	982,897
Cash at bank and in hand	8	<u>1,100,501</u>	<u>489,668</u>
		1,713,896	1,472,565
Creditors: amounts falling due within one year	9	<u>(1,383,396)</u>	<u>(1,215,715)</u>
Net current assets		<u>330,500</u>	<u>256,850</u>
Total assets less current liabilities		<u>330,500</u>	<u>256,850</u>
Capital and Reserves			
Called up share capital	10	100	100
Profit and loss account		330,400	256,750
Shareholder's funds	11	<u>330,500</u>	<u>256,850</u>

The notes on pages 8 to 12 form an integral part of these financial statements

The financial statements were approved by the Board and were signed on its behalf by

Director



Date:

31/10/06

NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2005

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 United Kingdom 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.

NU Local Care Centres (Farnham) Limited

Notes to the financial statements for the year ended 31 December 2005 (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 (2004: Nil).

5. Interest receivable and similar income

	2005 £	2004 £
Bank Interest	<u>31,130</u>	<u>30,645</u>

NU Local Care Centres (Farnham) Limited

Notes to the financial statements

for the period ended 31 December 2005 (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 2004: £nil).

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2004: lower) than the standard rate of corporation tax in the UK of 30%, (2004: 30%). The differences are explained below.

	2005 £	2004 £
Current tax reconciliation		
Profit on ordinary activities before tax	<u>73,650</u>	<u>207,349</u>
Current tax at 30% (2004: 30%)	22,095	62,205
Effects of:		
Short term timing differences	73,263	59,166
Group relief	(95,358)	(121,371)
Total current tax charge (see below)	<u>-</u>	<u>-</u>

	Not recognised 2005 £	Not recognised 2004 £
Short term timing differences	149,090	75,092
Deferred tax asset not provided	<u>149,090</u>	<u>75,092</u>

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 2005 (continued)

7. Debtors

	2005 £	2004 £
Due within one year		
Trade debtors	5,130	-
Other debtors	3,436	263,549
Amounts owed by fellow subsidiary undertakings	-	100,844
Prepayments and accrued income	604,829	618,504
	<u>613,395</u>	<u>982,897</u>

8. Cash at bank and in hand

Cash and cash equivalents includes £496,964 (2004: £252,754) which relates to amounts paid by Surrey and Hampshire Borders NHS Trust into a sinking fund to fund the replacement and repair of certain assets. The fund cannot be accessed by NU Local Care Centres (Farnham) Limited or its subsidiaries.

9. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	(493,976)	(606,531)
Amounts due to other group companies	(192,668)	-
Retentions	-	(295,954)
Sinking funds	(496,964)	(252,754)
Accruals and deferred income	(199,788)	(60,476)
	<u>(1,383,396)</u>	<u>(1,215,715)</u>

10. Share capital

Authorised share capital:

	2005 £	2004 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005 £	2004 £
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 2005 (continued)

11. Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	73,650	207,349
Opening shareholders' funds	<u>256,850</u>	<u>49,501</u>
Closing shareholders' equity funds	<u>330,500</u>	<u>256,850</u>

12. 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.

13. Ultimate controlling party

At 31 December 2005 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.

14. 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.