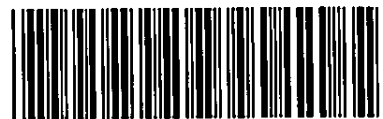


Registered in England No: 4187974

NU LOCAL CARE CENTRES (FARNHAM) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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NU Local Care Centres (Farnham) Limited

Directors, Advisors and Other Information

Directors and Officers

Current Directors:

P F Ellis

C J W Laxton

I B Womack

Secretary

Aviva Company Secretarial Services Limited

St Helen's

1 Undershaft

London EC3P 3DQ

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

No 1 Poultry

London EC2R 8EJ

Company Number

Registered in England and Wales No 4187974

Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2009

Directors

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

P F Ellis
C J W Laxton
I B Womack

Principal activity and business review

The Company's principal activity is to provide facilities management services to a healthcare unit constructed under a private finance initiative ("PFI") with the Surrey and Hampshire Borders NHS Trust.

The Directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts due from the Surrey and Hampshire Borders NHS Trust. This risk, however, is mitigated, as the repayments are fixed under the terms of the PFI agreement.

The Directors have reviewed the activities of the business for the period and the position as at 31 December 2008 and consider them to be satisfactory.

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

The position of the Company at the year end is shown in the Balance Sheet on page 9, with trading results shown in the Profit and Loss account on page 8.

Key performance indicators

The Directors consider that the key performance indicator for the Company's business is post tax profit. A post tax profit of £400,257 was reported for the year (2008: £42,379).

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 preparing the financial statements.

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 (2008: £nil).

Directors' Report

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 Surrey and Hampshire Borders NHS Trust

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

Directors' liabilities

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 the transitional provisions to the Companies Act 2006

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 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

Directors' Report

Creditor payment policy and practice

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

Auditors

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

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board and signed on its behalf by



C M Valentine
Authorised signatory
Aviva Company Secretarial Services Limited
Company Secretary

18 June 2010

Auditors' Report

Independent auditors' report to the members of NU Local Care Centres (Farnham) Limited

We have audited the Company's financial statements for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

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.

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 2009 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 properly 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.

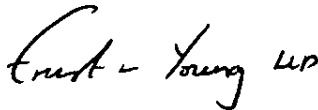
Auditors' Report

Independent auditors' report to the members of NU Local Care Centres (Farnham) Limited (continued)

Opinion 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,
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report



James Stuart (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

8 July 2010

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	2	2,530,429	2,457,823
Cost of sales		(2,402,460)	(2,317,574)
Gross profit		127,969	140,249
Administrative expenses	3	(3,651)	(5,252)
Operating profit		124,318	134,997
Interest receivable	5	2,788	41,491
Profit on ordinary activities before taxation		127,106	176,488
Tax on profit on ordinary activities	6	273,151	(134,109)
Profit for the financial year		400,257	42,379

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

There are no recognised gains or losses in the period other than the profit for the financial period

The notes on pages 10 to 13 form an integral part of these financial statements

Balance Sheet

as at 31 December 2009

	Note	2009 £	2008 £
Current assets			
Debtors amounts falling due within one year	7	2,412,924	639,339
Other current assets	8	657,743	629,607
Cash at bank and in hand	9	2,049,693	1,677,773
		<u>5,120,360</u>	<u>2,946,719</u>
Creditors: amounts falling due within one year	10	<u>(4,131,260)</u>	<u>(2,357,876)</u>
Net current assets		<u>989,100</u>	<u>588,843</u>
Total assets less current liabilities		<u>989,100</u>	<u>588,843</u>
Capital and reserves			
Share capital	11	100	100
Retained earnings		989,000	588,743
Equity shareholders' funds	12	<u>989,100</u>	<u>588,843</u>

The financial statements of NU Local Care Centres (Farnham) Limited, registered number 4187974, were approved and authorised for issue by the Board and were signed on its behalf by


P F Ells
Director

Date

18/6/2010

The notes on pages 10 to 13 form an integral part of these financial statements

Notes to the financial statements

for the year ended 31 December 2009

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 applicable United Kingdom accounting standards

b) 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)

c) 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

d) 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

e) Other payables

Other payables 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 Private Finance Initiatives ("PFI") concession agreements

3. Administrative expenses

Audit fees of £4,410 (2008 £4,410) have been accrued for the year

The Directors received no emoluments for services to the Company for the financial year (2008 nil)

4. Particulars of employees

The Company had no employees during the financial year (2008 nil)

5. Interest receivable

	2009 £	2008 £
Bank interest	2,788	41,491
	<u>2,788</u>	<u>41,491</u>

Notes to the financial statements
for the year ended 31 December 2009

6. Taxation

Factors affecting current tax charge for the year

The group has changed the basis on which it claims a tax deduction for the MMRF provision from an expenditure paid to an accruals basis. The change has resulted in corporation tax reclaimed and a current year profit and loss tax credit:

	2009 £	2008 £
Profit on ordinary activities before tax	127,106	176,488
Current charge at standard UK corporation tax rate of 28% (2008 28.50%)	35,590	50,299
Effects of		
UK Corporation tax in respect of prior periods	(273,151)	-
Short term timing differences	819	83,810
Expenses not deductible for tax purposes	1,120	-
Group relief	(37,529)	-
Current tax (credit)/charge on ordinary activities for the year	(273,151)	134,109

	2009 £	2008 £
Short term timing differences	39,357	364,861
Deferred tax asset not provided	39,357	364,861

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.

7. Debtors: amounts falling due within one year

	2009 £	2008 £
Trade debtors	12,472	11,436
Corporation tax recoverable	249,233	-
Amounts owed by other group companies	2,151,219	627,903
	2,412,924	639,339

8. Other current assets

	2009 £	2008 £
Prepayments	9,611	397,278
Accrued income	648,132	232,329
	657,743	629,607

9. Cash at bank and in hand

Cash and cash equivalents includes £1,493,529 (2008 £1,303,074) 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 cash cannot be accessed by NU Local Care Centres (Farnham) Limited.

Notes to the financial statements
for the year ended 31 December 2009

10. Creditors due within one year

	2009 £	2008 £
Trade creditors	(478,838)	(476,205)
Sinking fund	(1,493,529)	(1,303,074)
Accrued interest on sinking fund deposits	(28,920)	-
Amounts due to other group companies	(1,807,953)	-
Sundry creditors	(90,271)	(365,556)
Accruals and deferred income	(231,749)	(213,041)
	<u>(4,131,260)</u>	<u>(2,357,876)</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.

11. Share capital

	2009 £	2008 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	1,000	1,000
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	100	100

12. Reconciliation of movement in shareholders' funds

	Share capital £	Retained earnings £	Total £
At 1 January 2009	100	588,743	588,843
Retained profit for the financial year	-	400,257	400,257
At 31 December 2009	<u>100</u>	<u>989,000</u>	<u>989,100</u>

13. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the balance sheet date (2008 nil)

14. 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.

Notes to the financial statements
for the year ended 31 December 2009

15. Immediate parent undertaking

The Directors regard NU 3PS Limited as the immediate parent undertaking

16. Ultimate controlling undertaking

At 31 December 2009 the controlling party is NUPPP (GP) Limited which is a wholly owned subsidiary of the Aviva group of companies. Aviva plc is a company registered in England No 2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.