

NUPPP (GP) LIMITED

Registered in England and Wales No: 4330905

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2018

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NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

Contents

	Pages
Directors, Officers and Other Information	2
Directors' Report	3-5
Independent Auditors' Report	6-8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12-21

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

Directors, Officers and Other Information

Directors:

M J Green
B S Hill

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

Registered Office

St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

Registered in England and Wales: No. 4330905

Other information

NUPPP (GP) Limited (the 'Company') is a wholly owned subsidiary of Aviva Investors Real Estate Limited and is a member of the Aviva plc group of companies (the 'Aviva Group').

NUPPP (GP) Limited

Registered in England and Wales No. 4330905

Directors' Report for the year ended 31 December 2018

The directors present their annual report and the audited financial statements for the Company for the year ended 31 December 2018.

Directors

The current directors of the NUPPP (GP) Limited and those in office throughout the year are as follows:

M J Green
B S Hill

Principal activities

The principal activity of the Company is property investment by way of an interest in the Norwich Union Public Private Partnership Fund (the 'Fund' or 'Partnership'). The Fund focuses on procuring serviced facilities for the public sector through the Government's Public Private Partnership programme and in particular the Private Finance Initiative ('PFI'). The Company acts as the general partner to the Fund. The Company is entitled to 0.01% (2017: 0.01%) of the net profit/(loss) and net capital gain/(loss) of the Fund in accordance with clauses 10.2.1 and 10.2.2 of the Limited Partnership Agreement.

The directors have reviewed the activities of the Company for the year and the position as at 31 December 2018 and consider them to be satisfactory.

Results

The loss for the financial year amounted to £6.283 (2017: profit £1.712).

Future Outlook

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

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.

Events after the reporting date

There have been no significant events affecting the Company since year end.

Employees

The Company has no employees (2017: none).

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, being information needed by the auditors in connection with preparing their report, of which the auditors are 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 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.

Directors' Report for the year ended 31 December 2018 (continued)

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, the Company's ultimate parent, 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.

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. The Aviva Group operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). The Aviva Group has an Audit Committee, which includes shareholder representatives.

(b) Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Company's principle exposure to market risk takes the form of property values, which have a direct impact on the value of the Partnership's investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which manages the investments on behalf of the Partnership.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group's approach to operational risk are set out in the Aviva Group's Risk Management Framework ("RMF") and in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's activities.

Liquidity risk

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

Directors' Report for the year ended 31 December 2017 (continued)

Statement of Directors' Responsibilities

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 2006 relating to small entities.

On behalf of the Board:



B S Hill
Director

Date: 7 August 2019

Independent auditors' report to the members of NUPPP (GP) Limited

Report on the audit of the financial statements

Opinion

In our opinion, NUPPP (GP) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 2018; 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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 2018 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 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.

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.

A handwritten signature in black ink, appearing to read 'Sandra Dowling', written in a cursive style.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
August 2019

Statement of Comprehensive Income
for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover			
Investment income		1,016	1,170
Expenses			
Administrative expenses	5	(15,409)	(5,217)
Operating loss		(14,393)	(4,047)
Interest receivable and similar income		6,954	6,132
(Loss)/profit before taxation		(7,439)	2,085
Tax on (loss)/profit	6	1,156	(373)
Total comprehensive (expense)/income for the financial year		(6,283)	1,712

Continuing operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2018 and 31 December 2017 relate to continuing operations.

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

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

**Statement of Financial Position
as at 31 December 2018**

	Note	2018 £	2017 £
Non-current assets			
Investments in the Fund	7a	8,573	8,573
Investments in subsidiary undertakings	7b	1	1
Debtors: amounts falling due after one year	8	3,782	2,626
		<u>12,356</u>	<u>11,200</u>
Current assets			
Debtors: amounts falling due within one year	9	3,609	9,949
Cash at bank and in hand		98,214	90,664
		<u>101,823</u>	<u>100,613</u>
Creditors: amounts falling due within one year	10	(40,846)	(32,197)
Net current assets		<u>60,977</u>	<u>68,416</u>
Net assets		<u>73,333</u>	<u>79,616</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account		73,332	79,615
Total shareholders' funds		<u>73,333</u>	<u>79,616</u>

These financial statements on pages 9 to 21 were approved by the Board of Directors on 7 August 2019 and were signed on its behalf by:



B S Hill
Director

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

NUPPP (GP) LimitedRegistered in England and Wales No 4330905

**Statement of Changes in Equity
for the year ended 31 December 2018**

	Called up share capital £	Profit and loss account £	Total Shareholders' funds £
Balance as at 1 January 2017	1	77,903	77,904
Profit for the financial year and total comprehensive income for the financial year	-	1,712	1,712
Balance as at 31 December 2017 and 1 January 2018	1	79,615	79,616
Loss for the financial year and total comprehensive expense for the financial year	-	(6,283)	(6,283)
Balance as at 31 December 2018	1	73,332	73,333

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

**Notes to the financial statements
for the year ended 31 December 2018**

1. General information

NUPPP (GP) Limited acts as the General Partner to the Partnership.

The Company is registered as a private company limited by its shares and its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

2. Statement of compliance

The individual financial statements of the Company 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 are summarised below. They have all been applied consistently throughout the year and the preceding year except where noted below.

a) Basis of accounting

The financial statements have been prepared under the historical costs convention and on a going concern basis. The accounting policies have been consistently applied throughout the year and are consistent with those applied in previous years.

These financial statements have been presented in pounds sterling as this is the Company's functional currency, being the primary economic environment in which it operates.

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) Consolidation exemption

The Company acts as the General Partner to the Partnership. The Company therefore exercises a dominant influence over the Partnership. The economic interest of the Company in the Partnership is small and restricted and is principally derived in the form of the General Partner share provided for under the terms of the Limited Partnership Agreement. As the Company's influence is fiduciary in nature, the Partnership is not treated as a subsidiary undertaking.

d) Cash flow statement

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity under FRS 102 and the Company's cash flows are included in the consolidated statement of cash flows of Aviva Plc. The Company intends to continue availing of the above exemption in future periods.

e) Strategic report and Directors' report

A strategic report has not been included in these audited financial statements as the Company uses exemptions under part 15 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.

f) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

Notes to the financial statements (continued)
for the year ended 31 December 2018

3. Accounting policies (continued)

g) Investments in the fund

Investments in the Fund are held at cost.

h) Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at cost.

i) Investment income

Investment income, which excludes value added tax, represents income receivable from the Fund recognised on an accruals basis

j) Cash at bank and in hand

Cash at bank and in hand comprises cash balances held at call with banks.

k) Taxation

The current tax expense is based on the taxable results for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The principal timing differences arise from the movements in fair value of the Company's investment in the Fund. The rates enacted or substantively enacted at the balance sheet date are used to determine the deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on timing differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the timing difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is not provided on revaluations of investments in subsidiaries as under current tax legislation no tax will arise on their disposal.

l) Interest receivable and similar income

Interest receivable and similar income is recognised on an accruals basis.

m) Other payables

Other payables are recognised on an accruals basis.

n) Administrative expenses

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

o) Provisions and contingent liabilities

There were no contingent liabilities or commitments at the balance sheet date (2017: £nil).

Notes to the financial statements (continued)
for the year ended 31 December 2018

3. Accounting policies (continued)

p) 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, 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.

Such assets are subsequently carried at amortised costs 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 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 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.

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), except for those financial liabilities classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make payments which meet the conditions above are measured at cost (which may be nil) less impairment.

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

Notes to the financial statements (continued)
for the year ended 31 December 2018**3. Accounting policies (continued)****o) Financial instruments (continued)****(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.

4. Critical accounting judgements and key sources of 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.

In the process of applying the Company's accounting policies, the directors has made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

i. Non-financial assets are reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5. Administrative expenses

	2018	2017
	£	£
Auditors' fees* - audit services	1,545	2,139
Written off debtors	6,383	-
Professional fees	3,089	827
Bank charges	4,392	2,251
	15,409	5,217

*During the year (2017: £nil) no non-audit fees were paid to the statutory auditor.

The directors received no emoluments from the Company for services to the Company for the financial year (2017: £nil).

The Company had no employees during the financial year (2017: nil).

In the current year the Company has written off £6,383 of historic VAT that the Company can no longer reclaim.

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****6. Tax on (loss)/profit****(a) Tax reconciliation**

	2018 £	2017 £
Current tax		
UK Corporation tax on loss for the financial year	-	-
Adjustments in respect of prior years	-	-
Total tax charge	-	-
Deferred tax		
Losses and other deductions	(1,156)	373
Total deferred tax	(1,156)	373

(b) Factors affecting current tax charge for the year

	2018 £	2017 £
(Loss)/profit before taxation	(7,439)	2,085
Current (credit)/charge at standard UK corporation tax rate of 19.00% (2017: 19.25%)	(1,413)	401
Expenses not taxable for tax purposes	275	-
Income not taxable for tax purposes	(193)	(1)
Amounts charged/(credited) directly to equity or otherwise transferred	40	-
Adjustments in respect of previous years – deferred tax	-	20
Adjust closing deferred tax to average rate of 19.00% (2017: 19.25%)	444	347
Adjust opening deferred tax to average rate of 19.00% (2017: 19.25%)	(309)	(394)
Total tax (credit)/charge for the year	(1,156)	373

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 an effective rate of 19% (2017: 19.25%).

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****6. Tax on (loss)/profit (continued)****(c) Recognised deferred tax**

	2018	2017
	£	£
Balance as at 1 January	(2,626)	(2,999)
Movement in the year	(1,156)	373
Balance as at 31 December	<u>(3,782)</u>	<u>(2,626)</u>

The provision for deferred taxation is made up of:

	2018	2017
	£	£
Losses and other deductions	(3,782)	(2,626)
	<u>(3,782)</u>	<u>(2,626)</u>

The above deferred tax assets have not been recognised because there is insufficient evidence under FRS 102 as to the availability of suitable taxable profits in the foreseeable future.

Legislation already enacted at the balance sheet date reduced the main rate of corporation tax rate to 19%, effective from 1 April 2017 and provides that the main rate of corporation tax will be further reduced to 17% effective from 1 April 2020. The deferred tax assets and liabilities in the financial statements have been recognised at the rate at which the timing differences are expected to reverse of 17% (2017: 17%).

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****7. Investments****(a) Investment in the Fund**

	2018 £	2017 £
Investment in the Fund	8,573	8,573
	8,573	8,573

The directors believe that the carrying value of the investments is supported by their underlying investment in The Norwich Union Public Private Partnership Fund (the "Fund"), the net asset value of which was £143.79m as at 31 December 2018 (2017: £152.68m).

The Fund is a limited partnership established under the Limited Partnership Act 1907 for the purpose of providing serviced facilities under long term agreements through the Government's Public Private Partnership programme and particularly services under the Private Finance Initiative ("PFI"). Its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

(b) Investments in subsidiary undertakings**Movements on investment in subsidiary undertaking**

	2018 £	2017 £
Shares at cost:		
At 1 January	1	1
Additions	-	-
At 31 December	1	1

The subsidiary undertaking, which is wholly owned, is:

Name of company	Country of incorporation	Number of shares held
NUPPP Nominees Limited	England	1 ordinary shares of £1

NUPPP Nominees Limited does not trade, with all expenses of its operation being borne by the Fund. Its net assets consist of the balance owed by the Company for its shares. It holds the legal title to various investment properties on trust for the Fund and deals with these interests as directed by the Company. Its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

NUPPP (GP) Limited

Registered in England and Wales No. 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****7. Investments (continued)****(b) Investments in subsidiary undertakings (continued)**

The following shareholdings are held in a nominee capacity on behalf of the Fund:

Name of company	Country of incorporation	Percentage of ownership	Number of shares held
NU 3PS Limited	England	100	15,000,000 ordinary shares of £1 each
Mill NU Properties Limited	England	60	600 'A' ordinary shares of £1 each

NU 3PS Limited is the subsidiary responsible for co-ordinating the delivery of the serviced facilities under PFI operating agreements to the Public Sector. The investment in NU 3PS Limited is accounted for in the financial statements of the Fund as it is the Fund that derives beneficial interest from the investment. Its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

Mill NU Properties Limited is a property development joint venture company with Mill Asset Management Services Limited. The investment in Mill NU Properties Limited is accounted for in the financial statements of the Fund as it is the Fund that derives beneficial interest from the investment. Its registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ.

8. Debtors: amounts falling due after one year

	2018	2017
	£	£
Other debtors – taxation	3,782	2,626
	3,782	2,626

Amounts owed to the Company are unsecured, interest free, have no fixed date of repayment and are repayable on demand

9. Debtors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed by group undertakings	1	1
Amounts owed by the Fund	3,608	9,948
	3,609	9,949

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

NUPPP (GP) Limited

Registered in England and Wales: No. 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****10. Creditors: amounts falling due within one year**

	2018 £	2017 £
Amounts owed to the Fund	(19,234)	(19,234)
Amounts owed to group undertakings	(10,001)	(1)
Accruals and deferred income	(11,611)	(12,962)
	<u>(40,846)</u>	<u>(32,197)</u>

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

11. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid share capital of the Company at 31 December:		
1 (2017: 1) ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

12. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the balance sheet date (2017: £nil).

13. Related party transactions**(a) Key management compensation**

There have been no transactions with, and there are no accounts receivable from or payments due to members of the Board of Directors (2017: £nil and £nil).

(b) Services provided to related parties

During the year the Company served as General Partner for the Fund. No fees were received for services provided to the Fund.

At the balance sheet date the Company was owed £3,608 (2017: £9,948) by the Fund relating to investment income receivable and VAT as disclosed in note 9.

The related parties' receivables are not secured and no guarantees were received in respect thereof.

(c) Services provided by related parties

At the balance sheet date the Company owed £19,234 (2017: £19,234) to the Fund relating to audit fees and sundry charges as disclosed in note 10.

At the balance sheet date the Company owed £10,000 (2017: £nil) to NU Developments (Brighton) Limited in relation to receipts for the retail unit.

The related parties' payables are not secured and no guarantees were received in respect thereof.

NUPPP (GP) Limited

Registered in England and Wales No 4330905

**Notes to the financial statements (continued)
for the year ended 31 December 2018****14. Immediate parent and ultimate controlling entity**

The Company is owned by Aviva Investors Real Estate Limited.

Aviva Investors Real Estate Limited is a wholly owned subsidiary of Aviva Investors Holdings Limited, whose ultimate controlling entity is Aviva plc, a company incorporated in Great Britain and registered in England and Wales.

Aviva plc is the parent undertaking of both the largest and the smallest group of undertakings of which the Company is a member and for which consolidated financial statements are prepared. The consolidated financial statements of Aviva plc are available on application to the:

Group Company Secretary
Aviva plc
St Helen's
1 Undershaft, London
EC3P 3DQ

and are available on the Aviva plc website at www.aviva.com.

15. Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.

**NORWICH UNION PUBLIC PRIVATE PARTNERSHIP
FUND**

Registered in England No: LP005956

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



COMPANIES HOUSE

THESE PARTNERSHIP ACCOUNTS FORM
PART OF THE ACCOUNTS OF COMPANY
4330905.

Norwich Union Public Private Partnership Fund

Contents

	Pages
Partners, Advisers and Other Information	3
Strategic Report	4-8
General Partner's Report	9-11
Independent Auditors' Report	12-14
Consolidated and Partnership Statements of Comprehensive Income	15
Consolidated and Partnership Statements of Changes in net assets attributable to Partners	16
Consolidated and Partnership Statements of Financial Position	17
Consolidated and Partnership Cash Flow Statements	18
Notes to the Consolidated Financial statements	19-35

Norwich Union Public Private Partnership Fund

Partners, Advisers and Other Information

Partners

Limited Partner

Lime Property Fund Limited Partnership

General Partner

NUPPP (GP) Limited
St Helen's
1 Undershaft
London EC3P 3DQ

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
38 Threadneedle Street
London EC2P 2EH

Registered Office

St Helen's
1 Undershaft
London EC3P 3DQ

Fund Manager

Aviva Investors Global Services Limited
St Helen's
1 Undershaft
London EC3P 3DQ

Asset Manager

MAMG Properties Limited
Third Floor Broad Quay House
Prince Street
Bristol BS1 4DJ

Registered Number

Registered in England and Wales: No. LP005956

Norwich Union Public Private Partnership Fund

Strategic report for the year ended 31 December 2018

The directors of the General Partner (the "Directors") present their strategic report of Norwich Union Public Private Partnership Fund (the "Partnership") and its investments and its amounts due under PFI agreements (together referred to as the "Group") for the year ended 31 December 2018.

The Partnership

The Partnership was established on 23 October 1998 and is registered as a limited partnership in England and Wales under the Limited Partnerships Act 1907. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

Principal Activities of the Partnership and Group

The principal activity of the Group is the provision of serviced facilities under long-term agreements through the Government's Public Private Partnership programme and particularly services under the Private Finance Initiative ("PFI"). The Group has established itself as a significant provider of schools, community health centres, Public Sector offices and other facilities in England and all services are provided to the Public Sector under contracts of twenty five years or more.

The Group portfolio includes the following operational schemes:

- Community health facility in Bradford
- Combined health, social services centre and library in Dudley
- Primary school in Manchester
- Learning disabilities centre in Newark
- Six mental health facilities in Chichester
- Two primary schools and a secondary school in the London Borough of Newham
- Secondary school in the London Borough of Redbridge
- New library facilities and council offices in The London Borough of Hackney
- Council offices and new small business centre for Redcar & Cleveland Borough Council
- Community hospital at Farnham
- Public library at Brighton

The directors have reviewed the activities of the business for the year and the position as at 31 December 2018 and consider them to be satisfactory.

Review

1. Group Performance:

The business review is required to contain financial and where applicable, non-financial key performance indicators ("KPIs"). The General Partner considers that, in line with the activity of the business, the financial KPIs set out below are those which communicate the performance of the Group as a whole. These KPIs comprise of:

	Year End 2018	Year End 2017
Fund Return	7.2%	7.0%
Property Return	8.8%	8.8%
Capital Value of Assets	£124.8m	£136.7m
Distribution Yield	7.3%	7.6%

2. Capital Management & Objectives:

In 2018 £8.4m (2017: £1.8m) of partner advances were repaid to the Limited Partner.

Norwich Union Public Private Partnership Fund

Strategic report for the year ended 31 December 2018 (continued)

Review (continued)

Future outlook

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

Principal risks and uncertainties

The key risks arising in the Group are market, credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management

Aviva plc and its subsidiaries ("Aviva Group") operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and Aviva Executive committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles).

Management of financial and non-financial risks

The Group's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Group's exposure to market risk takes the form of valuations, which have a direct impact on the value of investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Group.

Credit risk

The Group does not have a significant exposure to credit risk as receivables are mainly short-term trading items or fixed under the terms of each PFI agreement. The Group's investments are managed by administrators who have responsibility for the prompt collection of amounts due.

The Group manages this risk by ensuring that a dedicated credit control team is engaged in collecting the advance quarterly rent from tenants as soon as it falls due.

PFI Agreements

The key risk underlying the PFI agreements is the recoverability of the amounts due from the various lessees. This risk on default on repayments is deemed limited due to the lessees being public bodies supported by the government.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Partnership's investments.

Norwich Union Public Private Partnership Fund

Strategic report for the year ended 31 December 2018 (Continued)

Principal risks and uncertainties (continued)

Liquidity risk

The Group does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The General Partner monitors the maturity of the Group's obligations as and when they fall due.

The maturity analysis of the Group's financial assets and liabilities as at 31 December 2018 and 31 December 2017 was as follows:

Consolidated liquidity risk as at 31 December 2018

	On demand £'000	1-12 months £'000	More than 12 months £'000	Total £'000
Financial assets				
Amounts due under PFJ agreements	-	-	124,755	124,755
Trade and other receivables	839	-	-	839
Prepayments and accrued income	1,761	-	-	1,761
Cash and cash equivalents	40,971	-	-	40,971
	<u>43,571</u>	<u>-</u>	<u>124,755</u>	<u>168,326</u>
Financial liabilities				
Trade and other creditors	724	-	-	724
Sinking funds	15,009	-	-	15,009
Distributions payable	2,521	-	-	2,521
Other creditors	1,518	-	-	1,518
Accruals and deferred income	1,085	-	-	1,085
	<u>20,857</u>	<u>-</u>	<u>-</u>	<u>20,857</u>

Norwich Union Public Private Partnership Fund

Strategic report for the year ended 31 December 2018 (Continued)

Principal risks and uncertainties (continued)

Liquidity risk (continued)

Consolidated liquidity risk as at 31 December 2017

	On demand £'000	1-12 months £'000	More than 12 months £'000	Total £'000
Financial assets				
Amounts due under PFI agreements	-	-	136,671	136,671
Trade and other receivables	315	-	-	315
Prepayments and accrued income	1,740	-	-	1,740
Cash and cash equivalents	39,366	-	-	39,366
	<u>41,421</u>	<u>-</u>	<u>136,671</u>	<u>178,092</u>
Financial liabilities				
Trade and other creditors	1,554	-	-	1,554
Sinking funds	17,772	-	-	17,772
Distributions payable	3,983	-	-	3,983
Other creditors	749	-	-	749
Accruals and deferred income	991	-	-	991
	<u>25,049</u>	<u>-</u>	<u>-</u>	<u>25,049</u>

Employees

The Group has no employees (2017: nil). The key management personnel have been identified as the directors of NUPPP (GP) Limited. The directors received no remuneration (2017: £nil).

Norwich Union Public Private Partnership Fund

Strategic report for the year ended 31 December 2018 (continued)

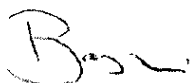
Environmental

Aviva Investors Real Assets (AIRA) recognises its duty to act as responsible stewards of its clients' assets. Consistent with its fiduciary and stewardship obligations, AIRA maintains a deep conviction that Responsible Investment including environmental, social and governance (ESG) factors can have an impact on investment returns and client outcomes.

AIRA's fiduciary duty is to protect and maintain the value of assets, it aims to do this by integrating Responsible Investment, including ESG considerations, into its investment and asset management decisions. Responsible Investment factors are implemented from origination or acquisition to divestment or termination.

AIRA supports industry initiatives to develop a common platform to evaluate the Responsible Investment impact and credentials of Real Asset investments, and to setup standardised reporting frameworks and benchmarks. AIRA is a founding member of GRESB infrastructure and an advisory member of GRESB Real Estate and has partnered with a number of organisations to participate on ESG initiatives including the Better Buildings Partnership

For and on behalf of the Partnership



B S Hill
Director of NUPPP (GP) Limited
18 June 2019

Norwich Union Public Private Partnership Fund

General Partner's report for the year ended 31 December 2018

The directors of the General Partner present their annual report and the audited financial statements of the Group and Partnership for the year ended 31 December 2018.

Results and Distributions

The Group recognised a total comprehensive profit in the year before distributions of £13,226k (2017: £10,828k).

There were income distributions to the Partners during the year of £10,162k (2017: £11,777k). The Partners received the following: Lime Property Fund Limited Partnership £10,161k (2017: £11,776k) and NUPPP (GP) Limited £1k (2017: £1k).

During the year a capital distribution was made to the Limited Partner of £8,418k (2017: £1,775k).

The amounts referenced above are in thousands.

Directors

The current directors of the NUPPP (GP) Limited and those in office throughout the year, except as noted, are as follows:

M J Green
B S Hill

Partners' Accounts

The Partners' accounts include contributions and partners advance as follows:

As at 31 December 2018

	Partners' Contributions £'000	Partners' Advances £'000	Total Capital £'000
Lime Property Fund Limited Partnership	510	145,558	146,068
NUPPP (GP) Limited	14	-	14
Total	524	145,558	146,082

As at 31 December 2017

	Partners' Contributions £'000	Partners' Advances £'000	Total Capital £'000
Lime Property Fund Limited Partnership	510	153,976	154,486
NUPPP (GP) Limited	14	-	14
Total	524	153,976	154,500

Norwich Union Public Private Partnership Fund

General Partner's report for the year ended 31 December 2018 (continued)

Going concern

At the balance sheet date the Partnership had net current liabilities of £2,802k (2017: £2,745k). The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries and after considering the net current asset position of the Group, the directors of the General Partner have a reasonable expectation that the Partnership 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.

The United Kingdom is expected to leave the European Union. Due to the nature of the Group's activities, this is not expected to have any impact on the Group's ability to continue as a going concern.

Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.

Disclosure of Information to the Independent Auditors

Each person who was a director of the General Partner 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 auditors in connection with preparing their report, of which the Partnership's auditors are 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 Partnership's 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to consider their appointment will be proposed at the next board meeting of the General Partner.

Norwich Union Public Private Partnership Fund

General Partner's report for the year ended 31 December 2018 (continued)

Statement of general partner's responsibilities in respect of the financial statements

The general partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

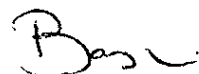
Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the group and qualifying partnership financial 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, as applied to qualifying partnerships, the general partner 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 group and qualifying partnership and of the profit or loss of the group and qualifying partnership for that period. In preparing the financial statements, the general partner 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 group and qualifying partnership will continue in business.

The general partner is also responsible for safeguarding the assets of the group and qualifying partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The general partner is responsible for keeping adequate accounting records that are sufficient to show and explain the group and qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

For and on behalf of the Partnership:



B S Hill
Director of NUPPP (GP) Limited
15 June 2019

Independent auditors' report to the partners of Norwich Union Public Private Partnership Fund

Report on the audit of the financial statements

Opinion

In our opinion, Norwich Union Public Private Partnership Fund's group financial statements and qualifying partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 31 December 2018 and of the group's profit, the qualifying partnership's loss and the group's and the qualifying partnership's cash flows 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 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Partnership Statements of Financial Position as at 31 December 2018; the Consolidated and Partnership Statements of Comprehensive Income, the Consolidated and Partnership Cash Flow Statements, and the Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners 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 group 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

ISAs (UK) require us to report to you when:

- the general partner's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the general partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and qualifying partnership'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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and qualifying partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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 general partner is 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 on, 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.

With respect to the Strategic Report and General Partner's Report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships 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.

Strategic Report and General Partner's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and General Partner's Report for the year ended 31 December 2018 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 group and qualifying partnership and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and General Partner's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of General Partner's Responsibilities set out on page 11, the general partner is 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 general partner is 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 general partner is responsible for assessing the group's and the qualifying partnership'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 general partner either intends to liquidate the group or the qualifying partnership or to cease operations, or has 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 opinion, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

Other required reporting

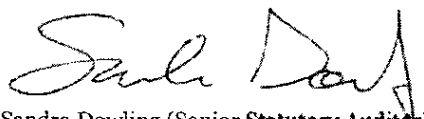
Companies Act 2006 exception reporting

Under the Companies Act 2006 as applied to qualifying partnerships 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 qualifying partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of general partner's remuneration specified by law are not made; or
- the qualifying partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior **Statutory Auditor**)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2019

Norwich Union Public Private Partnership Fund

Consolidated and Partnership Statements of Comprehensive Income For the year ended 31 December 2018

	Note	<u>Consolidated</u>		<u>Partnership</u>	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	5	29,019	25,090	9,911	9,893
Cost of sales	6	(9,375)	(9,604)	-	-
Gross profit		19,644	15,486	9,911	9,893
Administrative expenses	7	(1,478)	(734)	(184)	(59)
Change in fair value of amounts due under PFI agreements	11	(4,181)	(3,388)	(3,750)	(4,186)
Operating profit		13,985	11,364	5,977	5,648
Profit on disposal of fixed assets	9	360	-	10	-
Distributions received		-	-	-	1,775
Interest receivable and similar income		187	77	2,122	2,117
Interest payable and similar charges		(28)	(28)	-	-
Finance costs - distributions	10	(10,162)	(11,777)	(10,162)	(11,777)
Profit/(loss) on ordinary activities before taxation		4,342	(364)	(2,053)	(2,237)
Tax on profit/(loss) on ordinary activities	8	(1,278)	(585)	-	-
Total comprehensive profit/(loss) for the financial year		3,064	(949)	(2,053)	(2,237)
Attributable to:					
Partners		3,064	(949)	(2,053)	(2,237)

Continuing operations

All amounts reported in the Consolidated and Partnership statement of comprehensive income for the years ended 31 December 2018 and 31 December 2017 relate to continuing operations.

The notes on pages 19 to 35 form an integral part of these financial statements.

Norwich Union Public Private Partnership Fund

Consolidated and Partnership Statements of Changes in Net Assets Attributable to Partners

For the year ended 31 December 2018

Consolidated

	Proceeds from Partners £'000	Profit and loss Account £'000	Other Reserve £'000	Total £'000
Balance at 1 January 2017	156,275	1,419	(2,290)	155,404
Repayment of advances	(1,775)	-	-	(1,775)
Total comprehensive loss for the year	-	(949)	-	(949)
Balance at 31 December 2017	154,500	470	(2,290)	152,680
Repayment of advances	(8,418)	-	-	(8,418)
Total comprehensive profit for the year	-	3,064	-	3,064
Balance at 31 December 2018	146,082	3,534	(2,290)	147,326

Partnership

	Proceeds from Partners £'000	Profit and loss Account £'000	Other Reserve £'000	Total £'000
Balance at 1 January 2017	156,275	(26,114)	(2,290)	127,871
Repayment of advances	(1,775)	-	-	(1,775)
Total comprehensive loss for the year	-	(2,237)	-	(2,237)
Balance at 31 December 2017	154,500	(28,351)	(2,290)	123,859
Repayment of advances	(8,418)	-	-	(8,418)
Total comprehensive loss for the year	-	(2,053)	-	(2,053)
Balance at 31 December 2018	146,082	(30,404)	(2,290)	113,388

The notes on pages 19 to 35 form an integral part of these financial statements.

Norwich Union Public Private Partnership Fund

Consolidated and Partnership Statements of Financial Position As at 31 December 2018

	Note	<u>Consolidated</u>		<u>Partnership</u>	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Amounts due under PFI agreements	11	124,755	136,671	69,060	79,474
Investments	12	-	-	47,130	47,130
		<u>124,755</u>	<u>136,671</u>	<u>116,190</u>	<u>126,604</u>
Current assets					
Debtors: amounts falling due after more one year	13	-	-	-	620
Debtors: amounts falling due within one year	13	839	315	1,376	1,177
Prepayments and accrued income	14	1,761	1,740	553	528
Cash at bank and in hand	15	40,971	39,366	626	1,698
		<u>43,571</u>	<u>41,421</u>	<u>2,555</u>	<u>4,023</u>
Creditors: amounts falling due within one year	16	<u>(20,857)</u>	<u>(25,049)</u>	<u>(5,357)</u>	<u>(6,768)</u>
Net current assets/(liabilities)		<u>22,714</u>	<u>16,372</u>	<u>(2,802)</u>	<u>(2,745)</u>
Total assets less current liabilities		<u>147,469</u>	<u>153,043</u>	<u>113,388</u>	<u>123,859</u>
Deferred tax	17	(143)	(363)	-	-
Net assets attributable to Partners		<u>147,326</u>	<u>152,680</u>	<u>113,388</u>	<u>123,859</u>

These audited financial statements were approved and authorised for issue by the Board of Directors of NUPPP (GP) Limited, the General Partner on 4 June 2019 and were signed on its behalf by:



B S Hill
Director of NUPPP (GP) Limited

The notes on pages 19 to 35 form an integral part of these financial statements.

Norwich Union Public Private Partnership Fund

Consolidated and Partnership Cash Flow Statements For the year ended 31 December 2018

		<u>Consolidated</u>		<u>Partnership</u>	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net cash inflow from operating activities	18	14,939	15,742	9,976	9,061
Tax paid		(966)	(585)	-	-
Cash flows from investing activities					
Movement in PFI due to cash received	11	1,071	916	-	-
Interest receivable and similar income		187	77	2,122	2,117
Net cash inflow from investing activities		1,258	993	2,122	2,117
Cash flows from financing activities					
Interest payable and similar charges		(28)	(28)	-	-
Finance costs – distributions paid		(11,625)	(11,390)	(11,625)	(11,390)
Disposal of investments		(428)	-	-	-
Distributions received		-	-	-	1,775
Repayment of Partners' advances		(1,545)	(1,773)	(1,545)	(1,775)
Net cash outflow from financing activities		(13,626)	(13,191)	(13,170)	(11,390)
Net increase/(decrease) in cash and cash equivalents		1,605	2,959	(1,072)	(212)
Cash at 1 January		39,366	36,407	1,698	1,910
Cash at 31 December		40,971	39,366	626	1,698

The notes on pages 19 to 35 form an integral part of these financial statements.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

1. General information

The principal activity of the Group is the provision of serviced facilities under long-term agreements through the Government's Public Private Partnership programme and particularly services under the Private Finance Initiative ("PFI"). This will continue to be the principal activity of the Group for the foreseeable future.

The Partnership is registered as a limited partnership in England and Wales under the Limited Partnership Act 1907 and is registered address is St Helen's, 1 Undershaft, London, EC3P 3DQ. The Partnership is governed by Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008

2. Statement of compliance

The Group and Partnership financial statements 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, as modified by the revaluation of amounts due under PFI agreements measured at fair value through profit or loss.

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 Group and Partnership'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 functional currency of the Group and Partnership is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group and Partnership operates.

The amounts quoted are in thousands unless otherwise stated.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiary undertakings. The financial statements of the subsidiaries are prepared for the same reporting year as the Partnership, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

(c) Going concern basis

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiary undertakings as at 31 December 2018. The business activity of the Group and Partnership, together with the factors likely to affect its future development, performance and position are set out on pages 4 to 11. The financial position of the Group and Partnership and their liquidity position are set out in these financial statements.

At the balance sheet date the Partnership had net current liabilities of £2,802k (2017: £2,745k). The General Partner has reviewed the current and projected financial position of the Partnership, making reasonable assumptions about future trading performance. After making enquiries and after considering the net current asset position of the Group, the directors of the General Partner have a reasonable expectation that the Partnership 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.

The United Kingdom is expected to leave the European Union. Due to the nature of the Group's activities, this is not expected to have any impact on the Group's ability to continue as a going concern.

(d) Investments

Investments are shown in the Statement of Financial Position at cost less any provision for impairment.

(e) Financial instruments

The Partnership 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 Group becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade debtors, prepayments and accrued income, other receivables and cash at bank and in hand, are 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.

Such assets are subsequently carried at amortised costs 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 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.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

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.

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.

When the Partnership's subsidiary undertakings enter the operational phase of the projects to provide facilities management services to the public sector, the properties are leased under PFI agreements.

The constructed assets are shown in the consolidated financial statements reflecting the contractual nature of the PFI agreement. The Group reflects as a fixed asset, the net present value of the payments to be received in respect of the property over the period of the lease.

Amounts due under PFI agreements represent outstanding amounts due under leases and are re-valued annually to a valuation based on discounted income streams.

The aggregate gain or loss arising on revaluation is recognised in the Statement of Comprehensive Income. The General Partner considers that this accounting policy results in the financial statements giving a true and fair view.

(ii) Financial liabilities

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

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial liabilities classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (which is normally the transaction price excluding 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, cancelled or expires.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

(e) Financial instruments (continued)

(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.

(f) Partners' accounts

Partners' accounts consist of contributions and non-interest bearing loans. The Group has classified the Partners' accounts as a financial liability based on the contractual arrangements within the Limited Partnership Agreement ("LPA") which require repayment of the net assets/liabilities upon wind up of the Group.

(g) 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 sinking funds which is not immediately available.

(h) Cash flow

The Partnership reports cash flows from operating activities using the indirect method. Interest received is presented within investing activities, and the interest paid is presented within financing activities. The acquisitions of investment properties are disclosed as cash flows from capital expenditure and financial investment because this most appropriately reflects the Partnership's business activities.

(i) Administrative expenses

Administrative expenses include all operational costs incurred in the management of the Group, these costs include; administration, finance and management expenses and are recognised on an accruals basis.

(j) Interest receivable and similar income

Interest receivable and similar income is recognised on an accruals basis.

(k) Interest payable and similar charges

Interest payable and similar charges are recognised on an accruals basis.

(l) 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.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

3. Accounting policies (continued)

(l) Taxation (continued)

(ii) Current 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.

Deferred tax relating to items recognised directly in changes in equity is recognised in the Statement of Changes in Equity and not in the Statement of Comprehensive Income."

(m) Distributions

Income produced by the PFI agreements and other sources is distributed to the Partners to the extent that the Partnership's income exceeds expenses, on a quarterly basis in accordance with the LPA. These finance costs are presented as distributions in the Statement of Comprehensive Income.

Capital distributions are made at the discretion of the fund manager on a quarterly basis in accordance with the LPA. These are presented as repayments of advances in the Statement of Changes in Net Assets Attributable to Partners.

The General Partner and the Fund Manager are required to ensure that no distribution is made that would render the Partnership insolvent or unable to pay its expenses for the six month period following a distribution, having regard to the expected receipts of the Partnership.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group and Partnership 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.

In the process of applying the Group and Partnership's accounting policies, the directors of the NUPPP (GP) Limited have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Valuation of amounts due under PFI agreements

The fair value of the amounts due under PFI agreements represents an estimate by independent professional valuers of the open market value of that asset as at the reporting date. The determination of the fair value of the amounts due under PFI agreements requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. Fair value disclosures in relation to investment property are given in Note 11.

(b) Impairment of non-financial assets

Investments are reviewed for impairment at each reporting date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5. Turnover

Turnover, which excludes value added tax, represents amounts derived from the financial model established in accordance with PFI concession agreements, together with amounts in respect of facilities management services provided. The amounts under PFI concession agreements include an element of service charge which will be recognised on a straight-line basis over the term of the individual agreements on an accruals basis.

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled.

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Gross rental income	16,247	15,037	9,911	9,893
Facilities management income	12,772	10,053	-	-
	<u>29,019</u>	<u>25,090</u>	<u>9,911</u>	<u>9,893</u>

6. Cost of sales

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

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Facility management costs	8,871	9,101	-	-
Other operating expenses	504	503	-	-
	<u>9,375</u>	<u>9,604</u>	<u>-</u>	<u>-</u>

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

7. Administrative expenses

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Auditors' fees	92	94	11	11
Fund Manager's Fees	120	120	-	-
Asset & Operations Management Fees	896	936	-	-
Taxation services	32	40	6	3
Professional fees	45	31	37	37
Bad debt write off	292	-	130	-
Movement in contingency	-	(484)	-	-
Other administrative expenses	1	(3)	-	8
	<u>1,478</u>	<u>734</u>	<u>184</u>	<u>59</u>

The Group and Partnership had no employees in the current or prior year. The Directors received no emoluments for services to the Partnership for the financial year (2017: £nil).

During the year no non-audit fees were paid to statutory auditors.

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

The provisions of Section 111 of the Income and Corporation Taxes Act 1988 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly no provision has been made for taxation on Partnership profits in these financial statements.

At Group level taxation is calculated based upon the taxable profit as applied to the profit/(losses) in the Partnership's underlying special purpose vehicles.

(a) Tax reconciliation

	Group	Group
	2018	2017
	£'000	£'000
Current tax		
UK Corporation tax on profit/(loss) for the financial year	1,502	789
Adjustments in respect of prior years	(4)	(4)
Total current tax	<u>1,498</u>	<u>785</u>
Deferred tax		
Origination and reversal of timing differences	(215)	(205)
Adjustments in respect of prior periods	(5)	5
Total deferred tax	<u>(220)</u>	<u>(200)</u>
Tax on profit/(loss) on ordinary activities	<u>1,278</u>	<u>585</u>

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

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

(b) Factors affecting tax charge for the year

	<u>Consolidated</u>	
	2018	2017
	£'000	£'000
Profit/(loss) before taxation	4,342	(364)
Current charge at standard UK corporation tax rate of 19% (2017: 19.25%)	825	(70)
Effects of:		
Add Change in fair value of amounts due under PFI agreements	795	652
Add finance cost: Distributions	1,931	2,267
Partnership profits not taxable	(2,254)	(1,161)
Expenses not deductible for tax purposes	19	11
Income not taxable for tax purposes	(68)	(1,132)
Other tax adjustments, reliefs and transfers	14	(10)
Adjustments in respect of previous years – deferred tax	(5)	5
Adjust closing deferred tax to average rate of 19% (2017: 19.25%)	(17)	(48)
Adjust opening deferred tax to average rate of 19% (2017: 19.25%)	42	75
Adjustments in respect of prior years	(4)	(4)
Total tax charge for the financial year	1,278	585

The standard rate of corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly the Company's profit for this accounting year are taxed at an effective rate of 19% (31 December 2017: 19.25%).

(c) Deferred tax

Legislation already enacted at the balance sheet date reduced the main rate of corporation tax rate to 19%, effective from 1 April 2018 and provides that the main rate of corporation tax will be further reduced to 17% effective from 1 April 2020. The deferred tax assets and liabilities in the accounts have been recognised at the rate at which the timing differences are expected to reverse of 17%.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

9. Profit on disposal of fixed assets

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Profit on disposal of prior year investments	350	-	-	-
Profit on disposal of amounts due under PFI agreements	10	-	10	-
Profit on disposal of fixed assets	<u>360</u>	<u>-</u>	<u>10</u>	<u>-</u>

The profit on disposal of amounts due under PFI agreements of £10k represents the disposal of the Horton Park PFI on 21 December 2018 via an in specie capital distribution to the Partners of £6,874k.

10. Finance costs - distributions

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Finance costs - distributions declared and paid	(7,641)	(7,794)	(7,641)	(7,794)
Finance costs - distributions declared but unpaid as at 31 December	(2,521)	(3,983)	(2,521)	(3,983)
Actual distributions to be paid for Year ended 31 December	<u>(10,162)</u>	<u>(11,777)</u>	<u>(10,162)</u>	<u>(11,777)</u>

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

11. Amounts due under PFI agreements

	<u>Consolidated</u>		<u>Partnership</u>	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Valuation at 1 January	136,671	140,975	79,474	83,660
Movement in PFI due to cash received	(1,071)	(916)	-	-
Movement in fair value	(4,181)	(3,388)	(3,750)	(4,186)
Disposals	(6,664)	-	(6,664)	-
Valuation at 31 December	<u>124,755</u>	<u>136,671</u>	<u>69,060</u>	<u>79,474</u>

The amounts due under PFI agreements were valued at their open market value for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors, on 31 December 2018 and 31 December 2017 by CB Richard Ellis ("CBRE"), professionally qualified chartered surveyors.

The disposal of £6,664k represents the disposal of the Horton Park PFI on 21 December 2018 via an in specie capital distribution to the Partners.

The valuations are undertaken by CBRE and are derived on the basis of a discounted cash flow model in respect of each PFI asset. The portfolio value is reported as an aggregate of individual asset values.

The key elements of the model are the unitary payments receivable, adjusted for the following:

- Allowance for annual fund management fees;
- Where applicable to the asset in question, other negative cash flow items such as insurance shortfalls and contractual interest shortfalls on lifecycle fund accounts.

Discount rate assumptions

The following sources of information are used to inform the base discount rate adopted in the valuation:

- Direct evidence, where available, based on recent sales on the secondary market of investor stakes in comparable PFI investments;
- Data published by the listed infrastructure funds, of required investment returns on an unleveraged and/or leveraged basis for assets with a similar risk profile;
- IRR and discount rate derived from analysis of commercial real estate transactional evidence, particularly in respect of interests characterised by secure indexed income streams from public sector or blue-chip occupiers;
- Monthly monitoring of capital markets for both indexed and fixed-coupon gilts, and analysis of yield dynamics on a six month trailing basis;
- Analysis of income returns in analogous commercial property investment sectors on both a running and six-month trailing basis.

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

12. Investments

Partnership

	Shares in Subsidiaries £'000	Loans with Subsidiaries £'000	Total £'000
Net Book Value at 1 January 2018	15,001	32,129	47,130
Additions	-	-	-
Disposals	-	-	-
Net Book Value at 31 December 2018	<u>15,001</u>	<u>32,129</u>	<u>47,130</u>

	Shares in Subsidiaries £'000	Loans with Subsidiaries £'000	Total £'000
Net Book Value at 1 January 2017	15,001	32,129	47,130
Additions	-	-	-
Disposals	-	-	-
Net Book Value at 31 December 2017	<u>15,001</u>	<u>32,129</u>	<u>47,130</u>

The members believe that the carrying value of the investments is supported by their underlying net assets.

The Investment of £15,000,000 represents the subscription by the Partnership for 15,000,000 Ordinary Shares of £1 each in NU 3PS Limited, its subsidiary responsible for co-ordinating the delivery of the serviced facilities under PFI operating agreements to the Public Sector.

In addition the Partnership holds 600 £1 shares in Mill NU Properties Limited, a property development joint venture company with Mill Group Limited. This investment represents 60% of the issued share capital of Mill NU Properties Limited, a company registered in England.

The Partnership holds two loans with NUPPP (Care Technology and Learning Centres) Limited, these amounted to:

- An £23,200,000 unsecured loan at an interest rate of 6.44% that is due for repayment on 31 March 2031; and
- An £8,929,402 unsecured loan at an interest rate of 6.94% and is due for repayment on 27 March 2032

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

12. Investments (continued)

At the year end the Group had the following material interests held in special purpose vehicles established for the delivery of the Group's projects and held by NU 3PS Limited:

<u>Name</u>	<u>Holding</u>	<u>Held Through</u>
NU 3PS Limited	100%	Directly
Mill NU Properties Limited	60%	Directly
NU Developments (Brighton) Limited	100%	NU 3PS Limited
Building a Future (Newham Schools) Limited	100%	NU 3PS Limited
NU Schools for Redbridge Limited	100%	NU 3PS Limited
NU Offices for Redcar Limited	100%	NU 3PS Limited
NU Local Care Centres (Farnham) Limited	100%	NU 3PS Limited
NU Library for Brighton Limited	100%	NU 3PS Limited
The Square Brighton Limited	100%	NU 3PS Limited
NU Local Care Centres (Bradford) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.1) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.2) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.3) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.4) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.5) Limited	100%	NU 3PS Limited
NU Local Care Centres (Chichester No.6) Limited	100%	NU 3PS Limited
NU Technology and Learning Centres (Hackney) Limited	100%	NU 3PS Limited
NUPPP (Care Technology and Learning Centres) Limited	100%	NU 3PS Limited

All of the above named companies are registered in England and Wales at St Helen's, 1 Undershaft, London, EC3P 3DQ and are involved in the delivery of services under PFI agreements with Public Sector bodies.

The following Group company, which is 100% owned, was dormant for the year (2017: dormant):

NUPPP Nominees Limited

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

13. Debtors

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	620
Total debtors amounts falling due after more than one year	-	-	-	620
Amounts falling due within one year:				
Trade debtors	417	151	-	-
Amounts owed by group undertakings	-	-	1,014	879
Other debtors - VAT	-	-	9	298
Other debtors	422	164	353	-
Total debtors amounts falling due within one year	839	315	1,376	1,177
Total debtors	839	315	1,376	1,797

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

14. Prepayments and accrued income

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Prepayments	65	135	-	-
Accrued income	1,696	1,605	553	528
Total prepayments and accrued income	1,761	1,740	553	528

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

15. Cash at bank and in hand

Group cash at bank and in hand includes £17,699,609 (2017: £17,772,421) which relates to amounts paid into a sinking fund to fund the replacement and repair of certain assets. This fund cannot be accessed by Norwich Union Public Private Partnership Fund.

16. Creditors: amounts falling due within one year

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	724	1,554	40	-
Sinking funds	15,009	17,772	-	-
Other creditors	1	1	332	332
Other creditors – taxation	914	381	-	-
Other creditors - VAT	603	367	-	-
Amounts owed to group undertakings	-	-	2,098	2,423
Finance costs - distributions payable	2,521	3,983	2,521	3,983
Accruals and deferred income	1,085	991	366	30
Total creditors amounts falling due within one year	20,857	25,049	5,357	6,768

17. Deferred tax

	<u>Consolidated</u>	
	2018	2017
	£'000	£'000
At 1 January	(363)	(563)
Credit for the year	220	200
At 31 December	(143)	(363)

The provision for deferred tax is made up of:

	<u>Consolidated</u>	
	2018	2017
	£'000	£'000
Short-term timing differences	1,104	913
Accelerated capital allowances	(1,343)	(1,390)
Tax losses carried forward	96	114
Deferred tax liability	(143)	(363)

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

18. Notes to the consolidated and partnership cash flow statements

Reconciliation of operating profit to net cash inflow from operating activities

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Operating profit	13,985	11,364	5,977	5,648
Adjustment for:				
Decrease in fair value of amounts due under PFI agreements	4,181	3,388	3,750	4,186
(Increase)/decrease in debtors	(611)	740	396	172
(Decrease)/Increase in creditors	(2,616)	250	(147)	(945)
Net cash inflow from operating activities	<u>14,939</u>	<u>15,742</u>	<u>9,976</u>	<u>9,061</u>

19. Related party transactions

	<u>2018</u>		<u>2017</u>	
	Income earned in year	Payable at year end	Income earned in year	Payable at year end
	£'000	£'000	£'000	£'000
Aviva Investors Global Services Limited	120	36	120	30
Lime Property Fund Limited Partnership – repayment of Partners advances	8,418	-	-	-
Lime Property Fund Limited Partnership - distributions	10,161	2,521	11,776	3,983
NUPPP (GP) Limited - distributions	1	-	1	-
	<u>18,700</u>	<u>2,557</u>	<u>11,897</u>	<u>4,013</u>

Aviva Investors Global Services Limited receives fees as it acts as the Fund Manager for the Partnership.

The related parties' payables are not secured and no guarantees are received in respect thereof. The payables will be settled in accordance with normal credit terms.

20. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2017: £nil).

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

21. Analysis of changes in net assets attributable to Partners

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Profit for the financial year before distributions	13,226	10,828	8,109	9,540
Finance cost - distributions during the year	(10,162)	(11,777)	(10,162)	(11,777)
Repayment of capital advances to Limited Partner	(8,418)	(1,775)	(8,418)	(1,775)
Opening net assets attributable to Partners	152,680	155,404	123,859	127,871
Closing net assets attributable to Partners	147,326	152,680	113,388	123,859

22. Financial instruments

The carrying values of the Group and Partnership financial assets and liabilities are summarised by category below:

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial assets				
Measured at undiscounted amount receivable:				
Amounts due under PFI agreements	124,755	136,671	69,060	79,474
Loans to subsidiaries	-	-	32,129	32,129
Debtors (see note 13)	839	315	1,376	1,797
Cash at bank and in hand	40,971	39,366	626	1,698
	166,565	176,352	103,191	115,098
Financial liabilities				
Measured at undiscounted amount payable:				
Creditors (see note 16)	20,857	25,049	5,357	6,768
	20,857	25,049	5,357	6,768

Norwich Union Public Private Partnership Fund

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2018

22. Financial instruments (continued)

The Group and Partnership's income, expense, gains and losses in respect of financial instruments are summarised below

	<u>Consolidated</u>		<u>Partnership</u>	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial income and expenses				
Total interest income for financial assets at undiscounted amount	187	76	2,122	2,117
Total interest expense for financial liabilities at undiscounted amount	28	29	-	-
Decrease in fair value of amounts due under PFI agreements	4,181	3,388	3,750	4,186

23. Parent and ultimate controlling undertaking

The Partnership is controlled by NUPPP (GP) Limited however, the majority 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 at 31 December 2018, including the results of the Norwich Union Public Private Partnership Fund (and therefore this company) and is 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.

24. Events after the reporting financial year

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the directors. No events that would have a material impact on the financial statements have been identified.