

AMENDED - 2011 QUALIFYING LIMITED PARTNERSHIP  
ACCOUNTS APPENDED

**NUPPP (GP) LIMITED**

**Registered in England and Wales No: 4330905**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER  
2011**

MONDAY



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## **NUPPP (GP) Limited**

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### **Directors and Officers**

#### **Directors**

P F Ellis

M J Green

J M W Lindsey

#### **Officer – Company Secretary**

Aviva Company Secretarial Services Limited

St Helen's

1 Undershaft

London

EC3P 3DQ

#### **Auditor**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

#### **Registered Office**

No 1 Poultry

London

EC2R 8EJ

#### **Company Number**

Registered in England and Wales No 4330905

#### **Other information**

NUPPP (GP) Limited (the "Company") is a member of the Aviva plc group of companies (the "Group")

## Independent Auditors' report

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### Directors' Report For the year ended 31 December 2011

The directors present their annual report and financial statements for the Company for the year ended 31 December 2011

#### Directors

The current directors and those in office throughout the period, except as noted, are as follows

P F Ellis  
M J Green appointed on 15 December 2011  
J M W Lindsey appointed on 15 December 2011  
C J W Laxton resigned on 15 December 2011  
I B Womack resigned on 15 December 2011

#### 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"). The Company acts as general partner to the Fund. NUPPP (GP) Limited is entitled to 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 Fund is managed by the Mill Group of companies through a management agreement with Aviva Investors Global Services Limited. The Fund will focus on procuring serviced facilities for the public sector through the Government's Public Private Partnership programme and in particular the Private Finance Initiative ("PFI").

#### Business Review

##### Financial Position and Performance

The directors have reviewed the activities of the business for the year and the position as at 31 December 2011 and consider them to be satisfactory. The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The position of the Company at the year end is shown in the Balance Sheet on page 8, with trading results shown in the Profit and Loss Account on page 7.

##### Future Outlook

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

##### Principal Risks and Uncertainties

The key risk arising in the Company is market risk which is discussed in more detail in Note 11.

##### Key Performance Indicators ("KPI")

The directors consider that the key performance indicator for the Company's business is post tax profit. The post tax loss for the year amounted to £1,755 (2010: loss of £1,112).

##### Dividends

No dividends were paid during the year (2010: £nil). The directors do not recommend the payment of a dividend for the financial year ending 31 December 2011 (2010: £nil).

##### Creditor payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment.

##### Employees

The Company has no employees.

## Independent Auditors' report

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### Disclosure of information to the auditor

Each person who was a director of the Company on the date that this report was approved, confirms that so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Following a competitive tender process by Aviva plc, PricewaterhouseCoopers LLP are to be proposed as auditor with effect from the receipt by the Company of a letter of resignation from Ernst & Young LLP subsequent to their signing of the Auditor's Report, and the Company will appoint PricewaterhouseCoopers LLP as auditor to the the Company in accordance with the provisions of the Companies Act 2006.

It is intended that investor consent for the change of auditor for Norwich Union Public Private Partnership Fund (the "Fund") from Ernst & Young LLP to PricewaterhouseCoopers LLP will be obtained following which the auditor for both the Company and the Fund will be PricewaterhouseCoopers LLP.

### Directors liabilities

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

This indemnity was granted in 2004 and the provisions in the Company's articles of association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.


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

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

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

By order of the Board 10/9/2012

Director

  
J. LINOSEY

## **Independent Auditors' report**

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

We have audited the financial statements of NUPPP (GP) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## Independent Auditors' report


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

#### Matters on which we are required to report by exception

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

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

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

10/8/2012

**Profit and loss account**  
for the year ended 31 December 2011

	Note	2011 £	2010 £
Administrative expenses	2	(3,052)	(2,652)
<b>Operating loss</b>		(3,052)	(2,652)
Investment income	3	1,297	1,540
<b>Loss on ordinary activities before taxation</b>		(1,755)	(1,112)
Tax on loss on ordinary activities	4	-	-
<b>Loss retained for the financial year</b>	9	(1,755)	(1,112)

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

There are no recognised gains or losses in the year other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses has been presented.

The notes on pages 10 to 15 form an integral part of these financial statements



**Balance sheet**  
as at 31 December 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	5	8,574	10,397
<b>Current assets</b>			
Debtors	6	2,186	1,716
Cash at bank		102,664	103,066
		<u>104,850</u>	<u>104,782</u>
<b>Creditors, amounts falling due within one year</b>	7	<u>(29,434)</u>	<u>(29,434)</u>
<b>Net current assets</b>		75,416	75,348
<b>Net assets</b>		<u>83,990</u>	<u>85,745</u>
<b>Capital and reserves</b>			
Share capital	8	1	1
Profit and loss account	9	83,989	85,744
<b>Equity shareholders' funds</b>	9	<u>83,990</u>	<u>85,745</u>

The financial statements were approved and authorised for issue by the Board on 10/9/2012 and signed on its behalf by

Director



J. LINASEY

The notes on pages 10 to 15 form an integral part of these financial statements

**Cash flow statement**  
for the year ended 31 December 2011

	Note	2011	2010
		£	£
Loss before tax		(1,755)	(1,112)
Increase in debtors		(469)	(156)
<i>Net cash from operating activities</i>		<u>(2,225)</u>	<u>(1,268)</u>
Finance activities		1,822	-
<b>Net movement in cash</b>		<u>(402)</u>	<u>(1,268)</u>

## Notes to the financial statements continued

### 1. Accounting policies

#### a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom generally accepted accounting practice

The directors are of the opinion that severe long-term restrictions exist over the Company's interest in The Norwich Union Public Private Partnership Fund that substantially hinder the exercise of the company's rights over the assets of the The Norwich Union Public Private Partnership Fund and its subsidiaries. In accordance with FRS 2, the interest in the The Norwich Union Public Private Partnership Fund is not consolidated but held as a fixed asset investment. The results and assets of the wholly owned subsidiary disclosed in note 6 has not been consolidated on the grounds of immateriality.

#### b) Investments

Fixed asset investments are held at cost, subject to annual impairment review

#### c) Taxation

The tax charge in the profit and loss account is based on the taxable losses 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 Limited Partnership. 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.

### 2 Administrative expenses

	2011 £	2010 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	2,625	2,625

The directors received no emoluments for services to the Company for the year (2010 £nil)

The Company had no employees during the year (2010 nil)

### 3. Investment income

Investment income includes the distributions from Norwich Union Public Private Partnership Fund which are recognised when approved.

## Notes to the financial statements continued

### 4. Taxation

#### a) Profit and loss account

Tax credited to the profit and loss account is as follows

	2011 £	2010 £
Prior year adjustments	-	-
	-	-

#### b) Factors affecting current tax charge for the year

The tax assessed in the profit and loss account differs from the standard UK corporation tax rate because of the following

	2011 £	2010 £
Loss on ordinary activities before tax	(1,755)	(1,112)
Current charge at standard UK corporation tax rate of 26.5% (2010 28%)	(465)	(311)
Losses carried forward	465	311
Current tax (charge)/credit on ordinary activities for the year	-	-

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

Legislation already enacted at the balance sheet date means that with effect from 1 April 2012 the corporate tax rate is expected to reduce to 25% (from 26%). On the basis that it is anticipated that the company's deferred tax assets are expected to unwind after 1 April 2012 the closing unrecognised deferred tax asset balance has been tax effected at the lower rate of 25%

Subsequent reductions of 1% each year thereafter until it reaches 23% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation. The maximum impact of the reduction in corporation tax to 23% is a reduction of £141 which could reduce the closing unrecognised deferred tax asset to £1,622

#### c) Deferred tax

	2011 £	2010 £
Tax losses carried forward	1,763	1,332
Deferred tax asset not provided	1,763	1,332

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 19 as to the availability of suitable taxable profits in the foreseeable future

## Notes to the financial statements continued

### 5. Investments

	2011 £	2010 £
Investment in subsidiary undertaking	1	1
Investment in partnership	8,573	10,396
	<u>8,574</u>	<u>10,397</u>

The investment represents the Company's initial capital contribution to the Fund. During the year a capital distribution was made to the NUPPP (General Partner) Limited of £1,823 (2010: £nil) following the termination of the lease by Durham and Darlington Priority Services NHS Trust with NU Local Care Centres (West Park) Limited.

The Norwich Union Public Private Partnership Fund (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").

In accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 2008 a copy of the financial statements of The Fund is attached to these financial statements.

#### Movements on investment in subsidiary undertaking

	2011 £	2010 £
Shares at cost		
At 1 January	1	1
Additions	-	-
At 31 December	<u>1</u>	<u>1</u>

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.

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.

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.

## Notes to the financial statements continued

### 6. Debtors

	2011 £	2010 £
Amounts due by subsidiary undertaking	1	1
Amounts due from Norwich Union Public Private Partnership Fund	2,185	1,715
Total debtors	2,186	1,716

### 7. Creditors amounts falling due within one year

	2011 £	2010 £
Amounts owed to Norwich Union Public Private Partnership Fund	(27,235)	(27,235)
Taxation	426	426
Accruals	(2,625)	(2,625)
Total creditors due within one year	(29,434)	(29,434)

### 8. Share capital

	2011 £	2010 £
The allotted, called up and fully paid share capital of the Company as at 31 December was		
1 ordinary share of £1	1	1
Total allotted, called up and fully paid up share capital	1	1

### 9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 1 January 2011	1	85,744	85,745
Loss for the year	-	(1,755)	(1,755)
At 31 December 2011	1	83,989	83,990

### 10. Contingent liabilities and capital commitments

There were no contingent liabilities or commitments at the balance sheet date (2010 £nil)

## Notes to the financial statements continued

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### 11. Risk management policies

#### The Aviva Group's approach to risk and capital management

The Aviva Group ("Aviva") 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). Aviva has an Audit Committee, which includes shareholder representatives.

#### 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 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 Company.

##### *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 Company's investments.

##### *Liquidity risk*

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

### 12. Related party transactions

#### (a) Key management compensation

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 2 of these financial statements.

There are no accounts receivable from or payments due to members of the Board of Directors.

#### (b) Services provided to related parties

During the period the Company served as General Partner for the Norwich Union Public Private Partnership Fund. No fees were received for services provided to the Limited Partnership.

At the balance sheet date the Company was owed £2,185 (2010: £1,715) by the Norwich Union Public Private Partnership Fund relating to investment income receivable and VAT as disclosed in note 6.

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 £27,235 (2010: £27,235) to Norwich Union Public Private Partnership Fund relating to audit fees and sundry charges as disclosed in note 7.

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

## Notes to the financial statements continued

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### 13. Parent and ultimate controlling entity

NUPPP (GP) Limited immediate parent undertaking is Norwich Union (Shareholder GP) Limited, registered in England and Wales

The ultimate controlling entity is Aviva plc whose registered office is St Helen's, 1 Undershaft, London EC3P 3DQ

Aviva plc's consolidated financial statements 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](http://www.aviva.com)



**NORWICH UNION PUBLIC PRIVATE PARTNERSHIP  
FUND**

**Registered in England No: LP005956**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL  
STATEMENTS 2011**



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# **Norwich Union Public Private Partnership Fund**

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# **Norwich Union Public Private Partnership Fund**

## **Partners, Advisers and Other Information**

### **Partners:**

#### **Limited Partners:**

Lime Property Fund Limited Partnership

#### **General Partner:**

NUPPP (GP) Limited  
No.1 Poultry  
London  
EC2R 8 EJ

### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

### **Company Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London  
EC3P 3DQ

### **Registered Place of Business**

St Helen's  
No 1 Poultry  
London  
EC2R 8 EJ

**Registered No LP005956**

# **Norwich Union Public Private Partnership Fund**

## **General Partner's Report to the Group and Partnership**

The General Partner has pleasure in presenting its report on the operations of the Group and Norwich Union Public Private Partnership Fund (the 'Partnership') for the year ended 31 December 2011 together with the financial statements

### **Principal Activity**

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

### **Operations and business review**

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 General Partner's directors consider the key risk underlying the PFI agreements to be the recoverability of the amounts due from the various public bodies. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor

### **Results and Distributions**

The Group recognised a profit in the year before distributions of £13,308,139 (2010 £15,837,843)

There were income distributions to the Partners during the year of £12,873,670 (2010 £15,403,375). The Partners received the following: Lime Property Fund Limited Partnership £12,872,383 (2010 £15,401,834) and NUPPP (General Partner) Limited £1,287 (2010 £1,540)

During the year a capital distribution was made to the Partners of £18,226,064 (2010 £nil). The Partners received the following: Lime Property Fund Limited Partnership £18,224,241 (2010 £nil) and NUPPP (General Partner) Limited £1,823 (2010 £nil)

# Norwich Union Public Private Partnership Fund

## General Partner's Report to the Group and Partnership (continued)

### Partners and Partners' Interests

The Limited Partners at 31 December 2011 and their interests in the equity and advance capital were as follows

	Equity Capital £'000	Advance Equity £'000	Total Equity £'000
Lime Property Fund Limited Partnership	510	155,751	156,261
NUPPP (GP) Limited	14	-	14
<b>Total Equity</b>	<b>524</b>	<b>155,751</b>	<b>156,275</b>

### Statement of General Partners Responsibilities in respect of the Financial Statements

The Partnership (Accounts) Regulations 2008 require that a qualifying Partnership prepare financial statements in accordance with the applicable provisions of the Companies Act 2006

United Kingdom company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Partnership and of the profit or loss of the Group and Partnership for that period. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Partnership will continue in business,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Partnership will continue in business

The General Partner is responsible for maintaining adequate accounting records that disclose with reasonable accuracy, the financial position of the Group and Partnership at that time. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Group and Partnership and for the prevention and detection of fraud and other irregularities.

# **Norwich Union Public Private Partnership Fund**

## **General Partner's Report to the Group and Partnership (continued)**

### **Creditor Payment Policy and Practice**

It is the Group's policy that payments to suppliers for goods and services to the Partnership are made approximately 30 days from date of receipt of valid invoice unless agreed otherwise as part of a contractual agreement

### **Auditors**

Ernst & Young LLP will resign as auditor with effect from the receipt by the Partnership of a letter of resignation from Ernst & Young LLP subsequent to their signing of the Auditor's Report, and the General Partner (or Aviva Investors Global Services Limited as fund manager to the Partnership as the case may be) will appoint PricewaterhouseCoopers LLP as auditor to the Partnership in accordance with the provisions of the Companies Act 2006 and the Limited Partnership Deed. The change of auditor for the Partnership will be subject to investor approval being obtained in relation to the appointment of PricewaterhouseCoopers LLP as auditors to the Partnership

### **Disclosure of information to auditors**

Each of the persons who was a director of the General Partner at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information needed by the auditor in connection with preparing its report of which the Partnership's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

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

For and on behalf of the Partnership



**Director**  
NUPPP (GP) Limited  
03 07 2012

# **Norwich Union Public Private Partnership Fund**

## **Independent Auditors' Report**

### **to the Partners of Norwich Union Public Private Partnership Fund**

We have audited the financial statements of Norwich Union Public Private Partnership Fund for the year ended 31 December 2011 which comprise the Consolidated and Partnership Profit and Loss Account, the Consolidated and Partnership Statement of Total Recognised Gains and Losses, the Consolidated and Partnership Balance Sheets, the Consolidated and Partnership Cash Flow Statements, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to partnership, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the General Partner and auditors**

As explained more fully in the Statement of General Partner's Responsibilities on page 4, the General Partner is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

# **Norwich Union Public Private Partnership Fund**

## **Independent Auditors' Report (continued) to the Partners of Norwich Union Public Private Partnership Fund**

### **Opinion on financial statements**

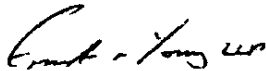
In our opinion the financial statements

- give a true and fair view of the state of the group's and of the qualifying partnership's affairs as at 31 December 2011 and of the group's and qualifying partnership's profit for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008

### **Matters on which we are required to report by exception**

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

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



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

5/7/2012



# Norwich Union Public Private Partnership Fund

## Consolidated and Partnership Profit and Loss Account

For the year ended 31 December 2011

	Notes	<u>Consolidated</u>		<u>Partnership</u>	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Turnover	2	22,100	23,499	9,168	10,324
Cost of sales	3	(7,656)	(7,240)	-	100
Gross profit		14,444	16,259	9,168	10,424
Administrative expenses		(1,232)	(1,004)	(50)	(66)
Operating profit	4	13,212	15,255	9,118	10,358
Interest receivable		333	(4)	3,013	3,000
Interest payable and similar charges		(28)	(28)	-	-
Profit on termination of lease		-	954	-	954
Profit for the financial year before taxation		13,517	16,177	12,131	14,312
Taxation	5	(209)	(339)	-	-
Profit for the financial year before distributions		13,308	15,838	12,131	14,312

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

The notes on pages 12 to 26 form an integral part of these financial statements

# Norwich Union Public Private Partnership Fund

## Consolidated and Partnership Statement of Total Recognised Gains and Losses

For the year ended 31 December 2011

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Profit for the financial year before distributions	13,308	15,838	12,131	14,312
Unrealised surplus on revaluation of amounts due under PFI agreements	520	1,123	168	1,094
Total recognised gains for the year	<u>13,828</u>	<u>16,961</u>	<u>12,299</u>	<u>15,406</u>

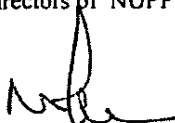
# Norwich Union Public Private Partnership Fund

## Consolidated and Partnership Balance Sheets

As at 31 December 2011

	Notes	<u>Consolidated</u>		<u>Partnership</u>	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Fixed assets</b>					
Amounts due under PFI agreements	7	155,482	155,185	94,733	94,565
Investments	8	-	-	38,201	38,201
		<u>155,482</u>	<u>155,185</u>	<u>132,934</u>	<u>132,766</u>
<b>Current assets</b>					
Debtors amounts falling due within one year	9	537	372	21,399	22,663
Other current assets	10	2,063	2,332	385	377
Cash at bank and in hand	11	27,021	44,591	1,080	20,433
		<u>29,621</u>	<u>47,295</u>	<u>22,864</u>	<u>43,473</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(18,396)</u>	<u>(18,209)</u>	<u>(12,380)</u>	<u>(14,020)</u>
<b>Net current assets</b>		<u>11,225</u>	<u>29,086</u>	<u>10,484</u>	<u>29,453</u>
<b>Total assets less current liabilities</b>		<u>166,707</u>	<u>184,271</u>	<u>143,418</u>	<u>162,219</u>
<b>Creditors: amounts falling due after more than one year</b>					
Provision for deferred tax liability	5	(1,634)	(1,926)	-	-
		<u>165,073</u>	<u>182,345</u>	<u>143,418</u>	<u>162,219</u>
<b>Net assets</b>		<u>165,073</u>	<u>182,345</u>	<u>143,418</u>	<u>162,219</u>
<b>Capital and reserves</b>					
Partners' capital	13	156,275	174,501	156,275	174,501
Revaluation reserve	14	9,785	9,265	(3,072)	(3,240)
Profit and loss account	14	(987)	869	(9,785)	(6,752)
Other reserve	14	-	(2,290)	-	(2,290)
		<u>165,073</u>	<u>182,345</u>	<u>143,418</u>	<u>162,219</u>
<b>Partners' funds</b>		<u>165,073</u>	<u>182,345</u>	<u>143,418</u>	<u>162,219</u>

The financial statements of the Partnership were approved and authorised for issue by the Board of Directors of NUPPP (GP) Limited on 03/07/2012 and were signed on its behalf by



Director

The notes on pages 12 to 26 form an integral part of these financial statements

# Norwich Union Public Private Partnership Fund

## Statement of Consolidated and Partnership Cash Flows

For the year ended 31 December 2011

	Notes	<u>Consolidated</u>		<u>Partnership</u>	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
Net inflow from operating activities	15(a)	14,322	17,851	9,845	14,435
Returns on investments and servicing of finance	15(b)	305	(32)	3,013	3,000
Taxation	15(c)	(209)	(339)	-	-
Capital expenditure and financial investment	15(d)	223	19,805	-	19,666
Finance activities	15(e)	(18,226)	-	(18,226)	-
Distribution to Limited Partners		<u>(13,985)</u>	<u>(18,432)</u>	<u>(13,985)</u>	<u>(18,432)</u>
Cash (outflow)/inflow before financing		<u>(17,570)</u>	<u>18,853</u>	<u>(19,353)</u>	<u>18,669</u>
Net (decrease)/increase in cash		<u>(17,570)</u>	<u>18,853</u>	<u>(19,353)</u>	<u>18,669</u>

### Consolidated and Partnership Reconciliation of Net Cash Flow to Movement in Net Debt

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Net (decrease)/increase in cash	(17,570)	18,853	(19,353)	18,669
Change in net debt arising from cash flows	<u>(17,570)</u>	<u>18,853</u>	<u>(19,353)</u>	<u>18,669</u>
Opening net debt	44,591	25,738	20,433	1,764
Net debt at 31 December	<u>27,021</u>	<u>44,591</u>	<u>1,080</u>	<u>20,433</u>

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements

### 1 Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of amounts due under PFI agreements and in accordance with applicable United Kingdom generally accepted accounting principles, using the following accounting policies as set out below which have been applied consistently throughout the year and the preceding period

#### (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.

#### (c) Amounts due under PFI agreements

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 accounts reflecting the contractual nature of the PFI agreement. The partnership reflects as a financial 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 by CB Richard Ellis (an independent valuer).

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent impairment in value, in which case an appropriate charge is made to the profit and loss account.

The General Partner considers that this accounting policy results in the financial statements giving a true and fair view.

#### (d) Interest income

Interest income is recognised on an accruals basis.

#### (e) Debtors and other current assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

#### (f) Current liabilities

Current liabilities are recognised on an accruals basis.

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### (g) Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not profits will be available against which they can be realised

### 2 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 30 year term of the agreement on an accruals basis.

The prior year comparatives for revenue and cost of sales have been restated due to a reclassification of £2,727k, this has no effect on profit

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>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Gross rental income	14,206	15,319	9,168	10,324
Facilities management income	7,894	8,180	-	-
	<u>22,100</u>	<u>23,499</u>	<u>9,168</u>	<u>10,324</u>

### 3 Cost of sales

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Facility management costs	6,990	6,654	-	-
Other operating expenses	666	586	-	(100)
	<u>7,656</u>	<u>7,240</u>	<u>-</u>	<u>(100)</u>

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 4 Operating profit

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
This is stated after charging				
Auditors' fees - audit services	100	104	12	12
Fund Manager's Fees	103	96	-	-
Asset & Operations Management Fees	819	806	-	-

### 5 Taxation

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.

#### Factors affecting current tax charge for the year

	<u>Consolidated</u>	
	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	13,517	16,177
Current charge at standard UK corporation tax rate of 26.5% (2010: 28%)	3,582	4,529
Effects of		
Partnership profits not taxable	(3,214)	(4,008)
Non taxable income	(2)	-
Tax losses brought forward utilised in year	(2)	(506)
Capital allowances in excess of finance lease repayment	(62)	(79)
Capital allowances in excess of depreciation	(35)	(21)
Short term timing differences	235	140
Losses carried forward	12	10
UK corporation tax in respect of prior periods	-	-
Current tax charge on ordinary activities for the year	514	65
UK Corporation tax from prior years	(12)	40
Deferred tax (credit)/charge	(293)	234
Total tax charge for the year	209	339

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 5 Taxation (continued)

Legislation already enacted at the balance sheet date means that with effect from 1 April 2012 the corporate tax rate is expected to reduce to 25% (from 26%). On the basis that it is anticipated that the Group's deferred tax assets are expected to unwind after 1 April 2012 the closing unrecognised deferred tax asset balance has been tax effected at the lower rate of 25%.

Subsequent reductions of 1% each year thereafter until it reaches 23% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation. The maximum impact of the reduction in corporation tax to 23% is a reduction of £130,686 which could reduce the closing unrecognised deferred tax asset to £1,502,893.

#### Provision for deferred tax

	<u>Consolidated</u>	
	2011	2010
	£'000	£'000
At 1 January	(1,927)	(1,693)
Credit/(charge) for the year	293	(234)
At 31 December	<u>(1,634)</u>	<u>(1,927)</u>

The provision for deferred tax is made up of

	<u>Consolidated</u>	
	2011	2010
	£'000	£'000
Short term timing differences	456	405
Accelerated capital allowances	(2,426)	(2,683)
Tax losses carried forward	336	351
Deferred tax liability	<u>(1,634)</u>	<u>(1,927)</u>



# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 6 Distributions

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Distributions declared and paid	(9,673)	(11,092)	(9,673)	(11,092)
Distributions declared but unpaid as at 31 December	(3,201)	(4,311)	(3,201)	(4,311)
Actual distributions to be paid for Year ending 31 December	<u>(12,874)</u>	<u>(15,403)</u>	<u>(12,874)</u>	<u>(15,403)</u>

### 7 Amounts due under PFI agreements

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Valuation at 1 January	155,185	172,385	94,565	111,655
Movements in capital expenditure	(223)	(97)	-	42
Net proceeds on disposal	-	(19,180)	-	(19,180)
Result on disposal	-	954	-	954
Revaluation	520	1,123	168	1,094
Valuation at 31 December	<u>155,482</u>	<u>155,185</u>	<u>94,733</u>	<u>94,565</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 2011 by CB Richard Ellis, professionally qualified chartered surveyors

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 7 Amounts due under PFI agreements (continued)

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 cashflow 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)

### 8 Investments

#### Partnership

	Shares in Subsidiaries £'000	Bonds with Subsidiaries £'000	Total £'000
Net Book Value at 1 January 2011	15,001	23,200	38,201
Additions	-	-	-
Net Book Value at 31 December 2011	<u>15,001</u>	<u>23,200</u>	<u>38,201</u>

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

There are six bonds issued by Chichester Health Plc, an indirect subsidiary, which are unsecured and technically repayable in full, at par, in 2029. Interest is received on these bonds at an annual rate of 6.5% (2010: 6.5%).

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements

### (continued)

#### 8 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 Developments (Brighton) 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 Local Care Centres (West Park) 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
Chichester Health Plc	-	
Chichester Health Holdings Limited	-	

All of the above named companies are registered in England and Wales and are involved in the delivery of services under PFI agreements with Public Sector bodies. This is not an exhaustive list of all companies owned by the Group, but only includes those which would have a material financial impact on the consolidated accounts.

The following Group companies, which are 100% owned, were dormant for the year (2010 dormant):

Mill NU Developments (Conference Centres) Limited  
 NUPPP Hard Services Limited  
 NUPPP Nominees Limited  
 NU College for Canterbury Limited  
 NU Local Care Centres Limited  
 NU Offices for Surrey Limited  
 NU Technology and Learning Centres Limited

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 8 Investments (continued)

Chichester Health Plc and Chichester Health Holdings Limited are accounted for as indirect subsidiary undertakings in accordance with FRS5 'Reporting on the Substance of Transactions' on the basis that they are controlled and influenced by the Group, and accordingly their accounts have been included in these consolidated accounts

The effect of including these indirect subsidiary companies in the consolidated accounts is as follows

	Chichester Health Holdings Ltd £	Chichester Health plc £
Loss for the year	(8,442)	(36,491)
Total assets	50,002	25,015,484
Total liabilities	(103,095)	(24,968,787)
Total capital and reserves	(53,093)	46,697

### 9 Debtors: amounts falling due within one year

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	110	339	1	-
Amounts owed by subsidiary undertakings	-	-	21,148	22,451
Other debtors - VAT	-	-	250	212
Other debtors	427	33	-	-
Total debtors due within one year	537	372	21,399	22,663

### 10 Other current assets

	<u>Consolidated</u>		<u>Partnership</u>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Prepayments	220	295	8	-
Accrued income	1,843	2,037	377	377
Total other current assets	2,063	2,332	385	377

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 11 Cash at bank and in hand

Group cash includes £12,031,990 (2010 £10,927,773) 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.

### 12 Creditors: amounts falling due within one year

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade creditors	(887)	(340)	(35)	(6)
Sinking funds	(12,032)	(10,928)	-	-
Amounts due to subsidiary undertakings	-	-	(8,779)	(9,329)
Other creditors	-	(66)	(332)	(332)
Other creditors – taxation	(315)	-	-	-
Other creditors - VAT	(466)	(592)	-	-
Distributions payable	(3,201)	(4,311)	(3,201)	(4,311)
Accruals	(1,495)	(1,972)	(33)	(42)
Total creditors due within one year	(18,396)	(18,209)	(12,380)	(14,020)

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the individual company has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its profit and loss account.

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 13 Partners' capital

	<b>Lime Property Fund Limited Partnership £'000</b>	<b>NUPPP (GP) Ltd £'000</b>	<b>Total £'000</b>
Opening contributions at 1 January 2011	174,485	16	174,501
Repayments during the year	(18,224)	(2)	(18,226)
Contributions at 31 December 2011	156,261	14	156,275
Equity capital	510	14	524
Advance equity	155,751	-	155,751
Contributions at 31 December 2011	156,261	14	156,275

The Partnership deed provides for the winding-up of Norwich Union Public Private Partnership Fund on 30 June 2026 unless extended with the Limited Partner's consent at any time. The advance equity is interest free and repayable on termination of the Partnership. The General Partner therefore regards it as equity in the Partnership.

In accordance with the Partnership Agreement, distributions of net income have been allocated to the Partners in the proportion to their ownership percentage for the period to which the distribution relates. At the year end the percentage holdings were, Lime Property Fund Limited Partnership 99.99% and NUPPP (GP) Limited 0.01%.

On 18 March 2011, following the termination of the lease at West Park, a capital repayment was made to the Partners of £18,226,064. The Partners received the following: Lime Property Fund Limited Partnership £18,224,241 and NUPPP (General Partner) Limited £1,823.

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 14 Reconciliation of reserves

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Opening reserves at 1 January	7,844	6,286	(12,282)	(12,285)
Profit for the financial year before distributions	13,308	15,838	12,131	14,312
Partners' distribution	(12,874)	(15,403)	(12,874)	(15,403)
Movement on revaluation reserve	520	1,123	168	1,094
Closing reserves at 31 December	<u>8,798</u>	<u>7,844</u>	<u>(12,857)</u>	<u>(12,282)</u>

#### Reconciliation of revaluation reserve

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Opening revaluation reserve at 1 January	9,265	8,142	(3,240)	(4,334)
Unrealised surplus on revaluation in financial year	520	1,123	168	1,094
Revaluation reserve at 31 December	<u>9,785</u>	<u>9,265</u>	<u>(3,072)</u>	<u>(3,240)</u>

#### Reconciliation of profit and loss reserve

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Profit and loss account at 1 January	869	434	(6,752)	(5,661)
Profit for the financial year before distributions	13,308	15,838	12,131	14,312
Partners' distribution	(12,874)	(15,403)	(12,874)	(15,403)
Transfer to other reserve	(2,290)	-	(2,290)	-
Profit and loss account at 31 December	<u>(987)</u>	<u>869</u>	<u>(9,785)</u>	<u>(6,752)</u>

#### Reconciliation of other reserve

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Opening other reserve at 1 January	(2,290)	(2,290)	(2,290)	(2,290)
Transfer from profit and loss reserve	2,290	-	2,290	-
Other reserve at 31 December	<u>-</u>	<u>(2,290)</u>	<u>-</u>	<u>(2,290)</u>



# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 15 Notes to the consolidated statement of cash flows

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Operating profit	13,212	15,255	9,118	10,358
Decrease/(increase) in debtors	105	3,345	(3,284)	4,742
Increase/(decrease) in creditors	1,005	(749)	4,011	(665)
Net cash inflow from operating activities	<u>14,322</u>	<u>17,851</u>	<u>9,845</u>	<u>14,435</u>

#### (b) Returns on investments and servicing of finance

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Interest received	333	(4)	3,013	3,000
Interest paid	<u>(28)</u>	<u>(28)</u>	<u>-</u>	<u>-</u>
	<u>305</u>	<u>(32)</u>	<u>3,013</u>	<u>3,000</u>

#### (c) Taxation

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
UK corporation tax	<u>(209)</u>	<u>(339)</u>	<u>-</u>	<u>-</u>
	<u>(209)</u>	<u>(339)</u>	<u>-</u>	<u>-</u>

#### (d) Capital expenditure and financial investments

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Movements in capital expenditure	223	97	-	(42)
Receipts from termination of lease	<u>-</u>	<u>19,708</u>	<u>-</u>	<u>19,708</u>
	<u>223</u>	<u>19,805</u>	<u>-</u>	<u>19,666</u>

# Norwich Union Public Private Partnership Fund

## Notes to the Consolidated Financial Statements (continued)

### 15 Notes to the consolidated statement of cash flows (continued)

#### (e) Financing activities

	<u>Consolidated</u>		<u>Partnership</u>	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Capital repayment	(18,226)	-	(18,226)	-
	<u>(18,226)</u>	<u>-</u>	<u>(18,226)</u>	<u>-</u>

### 16 Related party transactions

	<u>2011</u>		<u>2010</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	103	28	96	24
Mill Properties Limited	<u>819</u>	<u>136</u>	<u>1,334</u>	<u>655</u>
	<u>922</u>	<u>164</u>	<u>1,430</u>	<u>679</u>

The Partnership, NU 3PS Limited and Mill NU Properties have entered into management contracts with Mill Properties Limited, a wholly owned subsidiary of Mill Asset Management Group Limited. These agreements cover procurement fees for the delivery and negotiation of schemes as well as fees for ongoing management. In addition, fees are payable for administrative support.

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.

### 17 Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2010 £nil).

### 18 Employees

The Group does not have any employees (2010 nil).

### 19 Risks

The General Partner's directors consider the key risk underlying the PFI agreements to be the recoverability of the amounts due from the various public bodies. This risk, however, is mitigated, as the repayments are fixed under the terms of each PFI agreement, after including an annual indexation factor.

# **Norwich Union Public Private Partnership Fund**

## **Notes to the Consolidated Financial Statements (continued)**

### **20 Immediate parent undertaking**

The Partnership is controlled by NUPPP (GP) Limited however, the majority beneficial interest is held by The Lime Property Fund Limited Partnership, which consolidates the results of the Partnership and which is controlled by The Lime (General Partner) Limited. Both NUPPP (GP) Limited and The Lime (General Partner) Limited are subsidiaries of Norwich Union (Shareholder GP) Limited.

### **21 Ultimate controlling undertaking**

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

Aviva plc's consolidated financial statements 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](http://www.aviva.com)