

G4S Care and Justice Services (UK) Limited

Financial Statements

for the year ended 31 December 2011

Registration number 390328

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G4S Care and Justice Services (UK) Limited

Financial statements for the year ended 31 December 2011

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G4S Care and Justice Services (UK) Limited

Directors' report for the year ended 31 December 2011

The directors submit their report and the audited financial statements of G4S Care and Justice Services (UK) Limited for the year ended 31 December 2011. These financial statements present information about the company as an individual undertaking and not about its group.

Principal activities and business review

The principal activities of G4S Care and Justice Services (UK) Limited are those of justice and judicial activities including custody, rehabilitation and electronic monitoring of offenders and detention and escorting of immigrants.

Review of business and future developments

Overall the Directors are satisfied with the results for the year which saw a number of major contract wins and some losses. There were a number of contract wins in the year, in October 2011 we took over the running of HMP Birmingham which is the first publicly run prison to transfer to the private sector, and in January 2012 we took over the running of the Court Custody and Prisoner Escorting contract in Scotland. We are currently mobilising a new prison, HMP Oakwood near Wolverhampton, and this will open in April 2012. We will also provide in two out of six regions for the UK Border Agency a range of support services to asylum seekers in the community, including residential accommodation. In addition to the above we have been successful in our bid to run a significant Business Process Outsourcing contract for the Lincolnshire Police Authority from April 2012. We were unsuccessful in our rebids for the Immigration Removal Centre at Dungavel, the contract for escorting asylum seekers within and out of the UK, and in the Prisoner Escorting contracts for England and Wales. The directors were disappointed with the contract losses and have undertaken a rigorous review of the business to understand and address the causes of losing the business.

In the opinion of the directors the company is well placed to maintain and grow turnover in its current market sectors and expand the range and depth of services within Government related sectors where the trend to outsource 'non-core' services is expected to continue.

Key performance indicators

Key performance indicators regarding the development, performance and position of the business are included within the Financial Review of the immediate parent undertakings' consolidated financial statements (see note 26).

Financial risk management

The financial risk management objectives and policies of the company are disclosed in the immediate parent company's financial statements which are publicly available (see note 26).

Results and dividends

The results for the year are set out in the profit and loss account on page 5. A dividend of £23,000,000 has been paid during the year (2010: £18,800,000).

G4S Care and Justice Services (UK) Limited

Directors' report for the year ended 31 December 2011

Directors

The directors of the company during the year ended 31 December 2011, and subsequently, were,

R Morris	(appointed 9 May 2011)
A D Banks	(resigned 12 May 2011)
J Darnton	(resigned 7 March 2011)
S Curl	(appointed 7 March 2011)
N Richards	(appointed 12 October 2011)
J Makin	(resigned 24 June 2011)

Payment to suppliers

The policy of payment of suppliers of the company is disclosed in the Financial Review of the immediate parent company's financial statements which are publicly available (see note 26)

Disabled persons

It is the policy of the company to give fair consideration to applications for employment made by disabled persons acknowledging the particular abilities and aptitudes of each applicant and taking into account the requirements of the vacancies available. The company has been assessed and approved to use the Positive about Disabled People logo on its recruitment advertisements in the UK where the company is also a member of the Employers Forum on Disability to raise awareness in the organisation of the importance of giving assistance to disabled persons in employment.

In the event of a member of staff becoming disabled, every effort is made via the Company's Occupational Health Adviser to ensure that their employment with the company continues and that appropriate help is given to assist the member of staff.

It is the policy of the company to ensure that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer any disability.

Employee involvement

The company is committed to inform and involve its staff in the business of the company. Formal consultative committees exist to ensure that issues of mutual interest can be discussed and resolved. Company newsletters, employee magazines and other communications are used to keep staff informed of events within the company.

Charitable and political contributions

Payments made for charitable purposes by the company during the year ended 31 December 2011 amounted to £19,645 (31 December 2010 £18,191). There were no political donations made by the company in either the current or prior year.

Environment

The company's business is not one that has a significant direct impact on the environment. However, the company recognises the importance of its responsibilities to reduce environmental impact in such areas as energy usage, recycling, environmentally-friendly products and paper products, where it operates in accordance with the policies of G4S Plc as detailed in the group's Annual Report.

G4S Care and Justice Services (UK) Limited

Directors' report for the year ended 31 December 2011

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of such information.

Auditors

A resolution to reappoint KPMG Audit Plc as auditors to the company will be proposed at the forthcoming annual general meeting in accordance with section 485 of the Companies Act 2006.

By order of the board



N Richards
Director
5 April 2012

Independent auditor's report to the member of G4S Care and Justice Services (UK) Limited

We have audited the financial statements of G4S Care and Justice Services (UK) Limited for the year ended 31 December 2011 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's member, as a body in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 company and company's member, as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

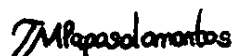
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



J M Papasolomontos (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London
5 April 2012

G4S Care and Justice Services (UK) Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover			
- Continuing operations		308,529	342,541
- Acquisitions		-	-
	2	308,529	342,541
Cost of sales		(237,598)	(279,242)
Gross profit		70,931	63,299
Administrative expenses		(30,777)	(25,863)
Operating profit	3	40,154	37,436
Profit on sale of Joint Venture		2,431	-
		42,585	37,436
- Continuing operations		40,154	37,436
- Acquisitions		-	-
- Disposals		2,431	-
		42,585	37,436
Interest payable and similar charges	5	(888)	(1,793)
Interest receivable and similar income	5	1,375	943
Profit on ordinary activities before taxation	2	43,072	36,586
Tax on profit on ordinary activities	6	(10,615)	(13,356)
Profit for the financial year	19	32,457	23,230

All of the above activities relate to continuing operations

There is no difference between the profit for the financial year as shown in the profit and loss account and their historic cost equivalents

There is no difference between the profit for the financial year and the total recognised gains and losses relating to the year, and therefore no separate statement of total recognised gains and losses has been presented

G4S Care and Justice Services (UK) Limited

Balance Sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	7	4,075	4,537
Tangible assets	8	12,432	16,652
Investments	9	14,216	15,885
		30,723	37,074
Current assets			
Stock	10	528	727
Debtors amounts falling due within one year	11	122,613	83,367
Debtors amounts falling due after more than one year	12	2,734	2,608
Cash at bank and in hand		697	678
		126,572	87,380
Current liabilities			
Creditors amounts falling due within one year	14	(103,560)	(78,264)
Net current assets		23,012	9,116
Total assets less current liabilities		53,735	46,190
Creditors amounts falling due after more than one year	15	(2,320)	(4,077)
Provision for liabilities and charges	17	(1,284)	(1,439)
Net assets		50,131	40,674
Capital and reserves			
Called up share capital	18	1,538	1,538
Share premium account	19	3,983	3,983
Capital contribution reserve	19	561	561
Profit and loss reserve	19	44,049	34,592
Net shareholders' funds	20	50,131	40,674
Capital employed	20	50,131	40,674

The notes on pages 7 to 23 form part of these financial statements

The financial statements were approved by the Board of Directors on 5 April 2012 and were signed on its behalf by



N Richards
Director
Registration number 390328

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

1 Accounting Policies

A summary of the company's principal accounting policies, which have been consistently applied for both financial years, except as stated, is set out below

The following amendments to standards have been adopted in these financial statements for the first time which have not had a material impact on these financial statements

Improvements to FRS's which applied to accounting periods starting on/after 1 January 2011

FRS8 Related Party Disclosures is amended to replace the definitions of a related party with that set out in UK law

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 2006

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Related party disclosures and cash flow statements

G4S Care and Justice Services (UK) Limited is a wholly owned subsidiary of G4S Regional Management (UK&I) Limited, which is the parent undertaking of the smallest group to consolidate these financial statements

The ultimate parent undertaking is G4S Plc, a company incorporated in the United Kingdom, which is the parent undertaking of the largest group for which consolidated financial statements are available, copies of which can be obtained from the Company Secretary, The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN. Consequently, G4S Care and Justice Services (UK) Limited has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1. The company is also exempt under the revised terms of FRS8 from disclosing related party transactions with wholly owned subsidiaries that are part of the G4S Plc group (see note 26)

Exemption from preparation of consolidated financial statements

As the company is a wholly owned subsidiary and is included in the consolidated financial statements of a parent undertaking established under a member state of the European Union, consolidated financial statements have not been prepared by virtue of section 400 of the Companies Act 2006 (see note 26)

Turnover

Turnover represents the amount receivable, excluding value added tax, for goods, services supplied and fee income from contract management. Turnover includes relevant fees recognised under PFI projects, which include management of secure establishments. This includes reimbursement of fees relating to the development and delivery of operating contracts during the year in which the services were provided. The company recognises income when it has fully fulfilled its contractual obligations.

Pre contract mobilisation and bid costs

The accounting policies in respect of the three main categories of pre contract mobilisation and bid costs are set out below

- a) incremental bid costs associated with tendering for and winning bids for PPP/PFI operating contracts
These costs are incurred directly by the company in the bidding process for the operating contract. Full provision is made in the profit and loss account unless
 - i) the company is virtually certain of recovery as evidenced by the appointment as preferred bidder, and
 - ii) the future cash flows arising from the operating contract are sufficient to remunerate the company for the costs incurred during the bidding process

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

The costs are amortised over the shorter of the period over which such costs are remunerated or the contract term

- b) external consortium bid costs associated with tendering for and winning bids for PPP/PFI prime concession contracts. These costs are incurred by the consortium in order to deliver a contractual solution to the client and will be shared by the members if the Special Purpose Company (SPC) owned by the sponsors fails to be awarded preferred bidder status for the concession contract. The consortium will ensure through the pricing of the bid by the SPC that all such external bid costs (incurred during all stages of the bid) are
 - i) included within the final value paid for by the contracting entity through the life of the contract, and
 - ii) that there is sufficient cash available through the funding of the project to reimburse the sponsors on financial close for the bid costs incurred. Full provision is made in the profit and loss account unless the company is virtually certain of recovery as evidenced by the appointment of the consortium as preferred bidder

Amounts received from the SPC to repay bid costs incurred after achieving virtual certainty of being awarded the contract are set against the bid costs deferred in the sponsor's balance sheet

- c) mobilisation costs associated with the operating contract commencement phase. They are incurred in bringing the related assets into use after financial close, but prior to commencement of the commercial operation, of a contract. The costs are incremental to the company's ongoing activities, are directly recoverable from the contracts, and are necessary in order to both secure the right to deliver the contracted services and the future revenue stream. It is the company's policy to defer such similar costs on an ongoing basis in respect of each new contract as it is signed. Recovery of the costs from the contract cash flows is made in one of the following ways -
 - i) where the contract identifies a mobilisation activity stream, which is separately invoiced, all the costs are expensed by the end of the start up period, and
 - ii) if the income for mobilisation is recovered over an extended period, a contract debtor is created in order that the asset is funded in line with the cash flows from the contract

All bid and mobilisation costs are deferred within assets with those recoverable within 12 months classified as current assets (note 11) and those recoverable in more than 12 months (note 12) classified as long term debtors

Share based payments

G4S Care and Justice Services (UK) Limited has applied the optional transitional exemptions in FRS 20 Share-based Payment and implemented its requirements for grants of equity instruments made after 7 November 2002 which had not vested by 1 January 2006

G4S Plc issues equity-settled share based payments to certain employees of G4S Care and Justice Services (UK) Limited. The fair value of share-based payments is determined at the date of the grant and expensed with a corresponding increase in equity on a straight-line basis over the vesting period, based on the estimate of the shares that will eventually vest, in accordance with the UITF 44 'Group and Treasury Share Transactions'. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions

The fair value of share-based payments granted in the form of options is measured by the use of the Black-Scholes valuation technique, adjusted for future dividend receipts and for any market-related performance conditions

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis

Provisions

Provisions in respect of liabilities are made in accordance with FRS12 'Provisions, contingent liabilities and contingent assets' and are discounted where the effect is material. Specifically provision for onerous contracts include unavoidable foreseeable losses

The asset replacement fund provision is based on management's best estimate of the expenditure arising at the balance sheet date in accordance with the terms of customer contracts in respect of plant and equipment currently in use, but not owned by the company

Dividends

Dividends are recognised as distributions to equity holders in the period in which they are paid. Dividends proposed or declared but not paid are not recognised but are disclosed in the notes to the financial statements

Dividend income from investments is recognised when shareholders' right to receive payment have been established

Tangible fixed assets and depreciation

Tangible fixed assets are shown at depreciated historical cost except for freehold land and buildings which are included at depreciated revalued amount adjusted for subsequent additions. Freehold land and buildings are revalued every 5 years by independent professional valuers on the basis of open market value for existing use. An interim valuation is carried out in the third year after a full valuation by qualified valuers who may be either internal or external. Depreciation is calculated to recognise the consumption of the economic benefits of tangible fixed assets over their economic lives. Depreciation is calculated on a straight-line basis to write off cost less any residual value and the principal rates are as follows

Short leasehold property	over the period of lease
Land and buildings	3% and 12.5%
Plant and equipment	10% to 33%
Assets under finance lease	shorter of lease term or useful economic life

Impairment of fixed assets and goodwill

If a triggering event occurs, the directors carry out an impairment review by comparing the carrying value of the asset to the present value of the estimated future cash flows generated by that asset. Impairment losses are recognised in the year in which these are identified in accordance with FRS 11

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term or fair value, whichever is lower. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

Goodwill

In accordance with the provisions of FRS 10, 'Goodwill and Intangible Assets', any goodwill arising from acquisitions, being the excess of the fair value of the purchase consideration over the fair value of the identifiable net assets of the acquired company or business, is capitalised. The company amortises such goodwill through the profit and loss account on a straight-line basis over its estimated useful economic life, up to a period of 20 years.

Investments

Investments in subsidiary undertakings and joint ventures are shown, at cost, as fixed asset investments. Provision is made for any permanent diminution in the value of fixed asset investments.

Pensions and other post retirement benefits

The company is a member of the G4S Regional Management (UK&I) Limited pension schemes. G4S Regional Management (UK&I) Limited principally operates one funded defined benefit scheme and one defined contribution scheme. The assets of the schemes are held separately from those of the company in self-administered funds.

The defined benefit scheme in which the company participates closed to further service accrual in July 2011. The contributions paid by the company were accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the scheme.

The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the exchange rates ruling at the balance sheet date. Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

2 Segmental Reporting

	Turnover		Profit before tax After goodwill amortisation		Profit after tax Before goodwill amortisation	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Business						
Business and Geographical analysis						
Secure Solutions UK and Ireland	308,529	342,541	43,072	36,586	32,457	23,693
	308,529	342,541	43,072	36,586	32,457	23,693

Net assets are disclosed in the immediate parent undertakings' consolidated financial statements which are publicly available (see note 26)

3 Operating profit

This operating profit is stated after charging/(crediting)

	2011 £'000	2010 £'000
Amortisation of goodwill (note 7)	462	463
Depreciation of tangible fixed assets (note 8)		
- Owned assets	2,949	2,993
- Leased assets	3,179	2,965
(Loss)/gain on disposal of fixed assets	(199)	(219)
Profit on disposal of joint venture investment	2,431	-
Operating lease rentals		
- Plant	1,614	1,866
- Machinery	443	814
- Other	536	428
Provision releases (note 17)	-	-
Services provided by the company's auditor		
Auditor's remuneration for audit services	202	165
Auditor's remuneration for non-audit services	14	30

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

4 Employees

	2011 £'000	2010 £'000
Staff costs (including directors)		
Wages and salaries	135,677	171,351
Social security costs	13,432	16,107
Other pension costs (see note 21)	4,615	3,772
Share based payment	-	114
	153,724	191,344

	2011 Number	2010 Number
Average number of employees (including directors)		
Average number of employees	5,522	7,617
	5,522	7,617

	2011 £'000	2010 £'000
Directors' emoluments		
Aggregate emoluments	424	577

The number of directors with pension benefits accruing under a defined benefit scheme was 3 (2010 3)

	2011 £'000	2010 £'000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	199	402

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

5 Interest

	2011 £'000	2010 £'000
Interest payable and similar charges		
Bank loans and overdrafts	(63)	(31)
Finance lease interest	(825)	(1,740)
Realised exchange rate losses	-	(22)
	(888)	(1,793)
Interest receivable and similar income:		
Bank deposits	-	-
Dividend income from joint ventures	-	229
Interest receivable from group undertakings (members of G4S Plc group)	1,375	710
Realised exchange rate gains	-	4
	1,375	943

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

6 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Analysis of tax charge for the year		
Current tax		
UK corporation tax on profit for the year	11,755	13,052
Adjustments in respect of previous years	(1,014)	893
Total current tax	10,741	13,945
Deferred tax		
Origination and reversal of timing differences	131	32
Adjustment in respect of rate change	229	-
Adjustments in respect of previous years	(486)	(786)
Capital allowances in excess of depreciation	-	165
Total deferred tax (note 13)	(126)	(589)
Tax on profit on ordinary activities	10,615	13,356

The tax for 2011 is lower (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 28%) and the differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	43,072	36,586
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	11,414	10,244
Effects of		
Adjustments in respect of prior years	(1,014)	893
Timing differences	-	117
Permanent differences	1,085	2,874
Capital allowances for the period in excess of depreciation	(103)	(100)
Substantial Shareholding Relief on joint venture investment	(641)	-
UK non-taxable dividend	-	(83)
Current tax charge for the year	10,741	13,945

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

7 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2011	9,255
At 31 December 2011	9,255
Amortisation	
At 1 January 2011	(4,718)
Charge for the year	(462)
At 31 December 2011	(5,180)
Net book amount	
At 31 December 2011	4,075
At 31 December 2010	4,537

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

8 Tangible assets

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2011	2,583	469	46,240	49,292
Additions	463	11	2,469	2,943
Disposals	(370)	(138)	(7,044)	(7,552)
At 31 December 2011	2,676	342	41,665	44,683
Accumulated depreciation				
At 1 January 2011	(257)	(206)	(32,177)	(32,640)
Charge for the year	(11)	(63)	(6,054)	(6,128)
Disposals	120	89	6,308	6,517
At 31 December 2011	(148)	(180)	(31,923)	(32,251)
Net book amount				
At 31 December 2011	2,528	162	9,742	12,432
At 31 December 2010	2,326	263	14,063	16,652

Assets held under finance leases and capitalised in plant and equipment compromise cost of £18,173,000 (2010 £19,949,000), aggregated depreciation of £15,805,000 (2010 £13,972,000), and a net book amount of £2,368,000 (2010 £5,977,000)

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

9 Investments

	Subsidiary £'000	Joint ventures shares £'000	loans £'000	Total £'000
At 1 January 2011	14,216	30	1,639	15,885
Disposal	-	(30)	(1,639)	(1,669)
At 31 December 2011	14,216	-	-	14,216

At the year end the company owned the following investments

Company	Class	Shareholding	Country of incorporation
G4S Policing Solutions Limited	Ordinary	100	England
G4S Policing Skills Development Limited *	Ordinary	100	England

The principal activity is policing recruitment and support

* indicates that the investment is held by one of the subsidiary companies

The sale of the joint venture investment in STC (Milton Keynes) Holdings Limited was completed 30th December 2011 for consideration of £4 1m

10 Stocks

	2011 £'000	2010 £'000
Raw materials and consumables	528	727
	528	727

There are no material differences between the replacement cost of stock and the balance sheet amount

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

11 Debtors: amounts falling due within one year

	2011	2010
	£'000	£'000
Trade debtors	19,376	20,501
Amounts receivable from group undertakings (members of G4S Plc group)	70,736	53,278
Other debtors	11,665	1,045
Pre contract mobilisation bid costs	-	26
Prepayments and accrued income	20,836	8,517
	122,613	83,367

£70,736,000 of the amounts receivable from group undertakings relates to loans which are repayable on 15 December 2012. Interest will be earned on these loans at a rate of Libor plus a margin of 1%. The residual balance is trading in nature and attracts no interest.

12 Debtors: amounts falling due after more than one year

	2011	2010
	£'000	£'000
Deferred tax asset (note 13)	2,734	2,608
	2,734	2,608

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

13 Deferred tax

	2011 £'000	2010 £'000
Accelerated capital allowances	2,413	2,238
Other timing differences	321	370
Deferred tax asset	2,734	2,608
	£'000	£'000
At start of year	2,608	2,019
Deferred tax charge in profit and loss account (note 6)	126	589
At end of year	2,734	2,608

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 30 March 2012.

This will reduce the company's future tax charge accordingly and further reduce the deferred tax asset at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £229,000.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	8,181	4,633
Amounts owed to group undertakings (members of G4S Plc group)	33,927	9,917
Other taxation and social security	7,769	13,030
Other creditors	5,011	4,860
Net obligations under finance leases (note 16)	1,408	3,843
Corporation tax	20,206	18,193
Accruals and deferred income	27,058	23,788
	103,560	78,264

Amounts owed to group undertakings are trading in nature, interest free and repayable on demand.

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

15 Creditors: amounts falling due after more than one year

	2011	2010
	£'000	£'000
Net obligations due under finance leases (note 16)	2,320	4,077
	2,320	4,077

16 Net obligations due under finance leases

	2011	2010
	£'000	£'000
In one year or less, or on demand	1,408	3,843
In two but not more than five years	2,273	3,599
In more than five years	47	478
	3,728	7,920

17 Provisions for liabilities and charges

	Asset replacement fund	Total
	£'000	£'000
At 1 January 2011	1,439	1,439
Utilised during the year	275	275
Charged to profit and loss account	(430)	(430)
At 31 December 2011	1,284	1,284

The asset replacement provision represents expenditure existing at the balance sheet date in accordance with the terms of customer contracts in respect of plant and equipment currently in use, but not owned by the company and this provision will be utilised over the contract lives

18 Called up share capital

	2011	2010
	£	£
Authorised		
20,000,000 Ordinary shares of £1 each	20,000,000	20,000,000
	20,000,000	20,000,000
Allotted, called up and fully paid		
1,538,395 Ordinary shares of £1 each	1,538,395	1,538,395
	1,538,395	1,538,395

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

19 Reserves

	Capital contribution reserve £'000	Profit and loss reserve £'000	Share premium £'000	Total £'000
At 1 January 2011	561	34,592	3,983	39,136
Profit for the financial year	-	32,457	-	32,457
Dividends paid	-	(23,000)	-	(23,000)
Addition to capital contribution reserve	-	-	-	-
At 31 December 2011	561	44,049	3,983	48,593

G4S Plc has two types of equity-settled, share-based payment schemes in place (1) share options previously held by employees over Securicor Plc shares and rolled over to G4S Plc shares with the acquisition of that business on 19 July 2004, and (2) conditional allocations of G4S Plc shares. Details of these schemes are available in the G4S Regional Management (UK&I) Limited financial statements.

20 Reconciliation of movement in total shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	32,457	23,230
Addition to capital contribution reserve	-	114
Dividends paid	(23,000)	(18,800)
Increase in total shareholders' funds	9,457	4,544
Opening total shareholders' funds	40,674	36,130
Closing total shareholders' funds	50,131	40,674

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

21 Pension arrangements

The company participates in a defined benefit scheme operated by G4S Regional Management (UK&I) Limited. This scheme was closed to further service accrual in July 2011. As at 31 December 2011, the actuarial surplus relating to this defined benefit scheme was £50,790,000 (2010 surplus £14,720,000). Full FRS17 disclosures are provided in the consolidated financial statements of G4S Regional Management (UK&I) Limited.

The pension cost charge for the period represents contributions payable by the company to the schemes and amount to £4,110,000 (2010 £1,865,000). As at 31 December 2011 contributions amounting to £505,488 were outstanding (2010 £160,956).

22 Operating lease commitments

The company has entered into non-cancelling operating leases and has annual commitments under leases expiring as follows:

	2011		2010	
	Land & Buildings	Other	Land & buildings	Other
	£'000	£'000	£'000	£'000
Within one year	254	794	249	139
Between two and five years	661	664	954	1,095
After five years	624	-	160	-
	1,539	1,458	1,363	1,234

23 Related party transactions

The immediate parent company as disclosed in note 26 participates in a number of joint ventures via an investment partnership agreement with Semperian PPP Investment Partners Group Limited. Sales are made to these joint ventures in the normal course of business and are highlighted below with an asterisk. The company sold its 50% shareholding in STC (Milton Keynes) Holdings Limited. The sale was completed 30th December and resulted in remuneration of £4.1m. The following transactions occurred with these companies during the year, together with the related year end positions:

	2011	2011	2010	2010
	Income/	Amounts	Income/	Amounts
	(Expenditure)	receivable /	(Expenditure)	receivable
	£'000	(Payable)	£'000	£'000
Fazakerley Prison Services Limited *	32,347	3,199	2,687	3,155
Onley Prison Services Limited *	12,856	1,314	759	1,068
Bridgend Custodial Services Limited*	40,425	3,629	34,989	3,758
ECD Cookham Wood Limited *	12,592	1,298	11,725	1,179
ECD Onley Limited *	12,156	1,311	1,055	1,238
STC (Milton Keynes) Limited	12,201	1,286	11,556	1,185
	122,577	12,037	62,771	11,583

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2011

24 Capital commitments

The company has £971,000 capital commitments as at 31 December 2011 (31 December 2010 £931,000)

25 Contingent liabilities

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. The liability of the UK group registration at 2011 totaled £10,696,155 (2010 £13,770,722)

The company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a cash pooling arrangement with The Royal Bank of Scotland

26 Ultimate parent undertaking

The immediate parent undertaking is G4S Regional Management (UK&I) Limited, which is the parent undertaking of the smallest group to consolidate these financial statements, copies of which can be obtained from the Company Secretary, 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT

The ultimate parent company is G4S Plc, a company incorporated in the United Kingdom, which is the parent undertaking of the largest group for which consolidated financial statements are available, copies of which can be obtained from the Company Secretary, The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN