

G4S Care and Justice Services (UK) Limited

Financial Statements

for the year ended 31 December 2013

Registration number 00390328

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G4S Care and Justice Services (UK) Limited

Financial statements for the year ended 31 December 2013

	Page
Strategic report	1
Directors' report	3
Independent auditor's report to the members of G4S Care and Justice Services (UK) Limited	5
Profit and loss account	6
Balance Sheet	7
Notes to the financial statements	8

G4S Care and Justice Services (UK) Limited

Strategic report for the year ended 31 December 2013

The directors submit their strategic report and the audited financial statements of G4S Care and Justice Services (UK) Limited (“the Company”) for the year ended 31 December 2013. 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 asylum seekers accommodation, custody, rehabilitation and electronic monitoring of offenders and prisoner escorting in Scotland.

Review of business

In March 2014, it was announced that G4S Plc group (of which the company forms part) had agreed a financial settlement with the Ministry of Justice in respect of claims arising in relation to Electronic Monitoring services by G4S Care and Justice Services (UK) Ltd in England and Wales between 2005 and 2013 for a total of £109m. £104.4m has been taken as a charge in 2013 in respect of these settlement, with the remaining amounts having been provided and paid by another G4S Group entity.

In 2012 the company entered a contract (“the COMPASS” contract) with the Ministry of Justice for the provision of accommodation to asylum seekers from 2012 to 2017 with a potential extension of 2 further years at the customer’s request. This contract mainly requires the company to provide accommodation of an agreed level of quality to asylum seekers that the Ministry of Justice may require and is subject to a number of key performance indicators (KPIs). This contract became fully operational in January 2013. During 2013 and 2014, mobilisation issues in establishing a reliable supply chain of housing and an increase in the volume of asylum seekers directed by the Home Office to the company has continued to rise and has impacted the financial performance under the contract. An onerous contract provision representing expected future losses has been included in the 2013 accounts.

Key performance indicators

The company utilises a wide range of operational performance measures across its business activities. However, these are all activity or contract specific. The company’s directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

Principal risks and uncertainties

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. The key risks are those which could materially damage the company’s strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others currently considered immaterial become material.

1. Changes in demand for COMPASS contract

An increase on demand for housing of asylum seekers under the COMPASS contract may result on an increase of costs without the ability for the company to recover such costs resulting in losses.

2. Major changes in market dynamics

Such changes in dynamics could include changes in the housing market where asylum seeker accommodation is provided, changes in dynamics with suppliers, new technologies, government legislation or customer consolidation and could, particularly if rapid or unpredictable, impact the company’s revenues and profitability.

3. Onerous contractual obligations

Should the company commit to contracts which result in unavoidable costs of meeting the obligations under the contract exceeding the economic benefits, these could result in onerous contracts whereby the future losses would have to be recognised upfront based on the company’s best estimate.

G4S Care and Justice Services (UK) Limited

4. Poor operational service delivery

Should the company fail to meet the operational requirements of its customers it could impact its reputation, contract retention and growth.

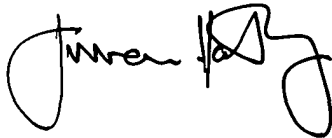
Subsequent events

During 2014 the volume of asylum seekers directed by the Home Office to the company has and continues to rise with frequent surges which lead the company to incur unreimbursed accommodation costs. The company has no volume thresholds in the contract. A plan is being put in place to manage the variability of user volumes under the contract; nonetheless it is probable that an increase of the onerous contract provision will be required.

Since the balance sheet date the company has been refinanced by the parent company (November 2014) with a capital injection of £50m in return for shares.

In the opinion of the Directors the company is still well placed to work with the Government to deliver solutions for current market sectors and expand the range and depth of services currently offered.

By order of the board

A handwritten signature in black ink, appearing to read 'J Hartley', with a large, stylized flourish at the end.

J Hartley
Director
29 January 2015

G4S Care and Justice Services (UK) Limited

Directors' report for the year ended 31 December 2013

The directors submit their report and the audited financial statements of G4S Care and Justice Services (UK) Limited for the year ended 31 December 2013. These financial statements present information about the company as an individual undertaking and not about its group.

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 28).

Results and dividends

The results for the year are set out in the profit and loss account on page 6. A dividend of £nil has been paid during the year (2012: £23,177,000).

Directors

The directors of the company during the year ended 31 December 2013, and subsequently, were;

R Morris (resigned 23 October 2013)

S Curl (resigned 28 February 2014)

N Richards (resigned 28 February 2014)

M Zuydam (appointed 28 February 2014, resigned 16 May 2014)

G Nienaber (appointed 28 February 2014)

J Hartley (appointed 16 May 2014)

J P Taillon (appointed 16 May 2014)

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 28).

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 2013 amounted to

G4S Care and Justice Services (UK) Limited

Directors' report (continued)

£16,787 (2012: £18,748). 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.

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

The directors are responsible for preparing the Strategic Report and 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.

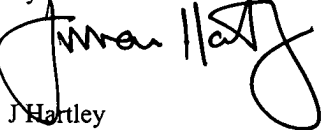
Disclosure of information to auditors

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 was made at the annual general meeting in accordance with section 485 of the Companies Act 2006.

By order of the board



J Hartley
Director

29 January 2015

Independent auditor's report to the members 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 2013 set out on pages 6 to 25. 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 members 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 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 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of its loss 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 Strategic Report and 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.



Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
29 January 2015

G4S Care and Justice Services (UK) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover			
Continuing operations		350,576	336,039
	3	350,576	336,039
Cost of sales		(294,710)	(267,512)
Gross profit		55,866	68,527
Administrative expenses		(45,537)	(33,984)
Exceptional administrative expenses	4	(104,434)	-
Total administrative expenses		(149,971)	(33,984)
Operating (loss)/profit	4	(94,105)	34,543
Interest payable and similar charges	6	(1,008)	(1,249)
Interest receivable and similar income	6	367	1,351
(Loss)/profit on ordinary activities before taxation	3	(94,746)	34,645
Tax on profit on ordinary activities	7	357	(10,242)
(Loss)/profit for the financial year	20	(94,389)	24,403

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.

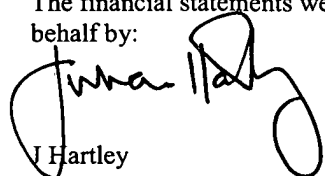
G4S Care and Justice Services (UK) Limited

Balance Sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	8	3,149	3,612
Tangible assets	9	13,357	16,499
Investments	10	14,649	14,649
		31,155	34,760
Current assets			
Stock	11	970	690
Debtors: amounts falling due within one year	12	135,436	125,627
Debtors: amounts falling due after more than one year	13	2,875	2,343
Cash at bank and in hand		5,992	2,044
Total current assets		145,273	130,704
Current liabilities			
Creditors: amounts falling due within one year	15	(94,254)	(103,585)
Net current assets		51,019	27,119
Total assets less current liabilities		82,174	61,879
Creditors: amounts falling due after more than one year	16	(6,667)	(7,905)
Provision for liabilities and charges	18	(118,539)	(2,617)
Net assets		(43,032)	51,357
Capital and reserves			
Called up share capital	19	1,538	1,538
Share premium account	20	3,983	3,983
Capital contribution reserve	20	561	561
Profit and loss reserve	20	(49,114)	45,275
Net shareholders' funds	21	(43,032)	51,357

The notes on pages 8 to 25 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 January 2015 and were signed on its behalf by:



J Hartley
Director

Registration number 00390328

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

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.

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 financial statements have been prepared on a going concern basis in consideration of the recapitalisation of the company by its parent that has been undertaken after the balance sheet date, refer to Note 2.

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 28).

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 2013

Pre contract mobilisation and bid costs (continued)

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 12) and those recoverable in more than 12 months (note 13) classified as long term debtors.

Share based payments

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 2013

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 provisions 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.

Onerous contracts

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. Management plans to recover the position on loss-making contracts require a level of judgement and are only taken into account in the calculation of the onerous contract provision when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract. When a potential extension of an onerous contract is available at the customers' request, it is assumed that this extension will be made.

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

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

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

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.

Lottery Grant

On the 29 August 2012 HMP & YOI Parc were granted a £3,137,466 Big Lottery Fund Grant, covering a 4 year project with Invisible Walls Wales.

This is aimed at working with offenders and their families in order to reduce re-offending and assist with the reintegration into society and family life.

The grant is accounted for under SSAP 4, with the grant income being recognised in the profit and loss account on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. In 2013 £643,441 was received and £684,339 was spent. At the Balance Sheet date £151,001 remains on the balance sheet having been received and not yet spent. This funding is restricted and only for use on the Invisible Walls Project

New UK GAAP

FRS 100, 101 and 102. FRS 100 sets out the application of financial reporting requirements in the UK and Republic of Ireland and FRS 101 'IFRS with reduced disclosures' outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS. FRS 102 is applicable in the UK and Republic of Ireland and is known as 'new UK GAAP'. The mandatory effective date for the new framework of

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

reporting is for accounting periods beginning on or after 1 January 2015. The Company will apply either FRS 101 ('IFRS with reduced disclosures') or FRS 102 ('new UK GAAP'). A full analysis is currently being undertaken to identify the most appropriate option.

2 Recapitalisation – Post Balance Sheet Event

On 17th November 2014, the Directors of the Company passed a resolution to issue 50,000,000 shares to G4S Regional Management (UK&I) Ltd, in order to recapitalize the Company at an issue price of £1 per share.

The table below shows the revised equity position of the company following its recapitalization on 17th November to represent the financial position of the company at the balance sheet date as if the recapitalization had taken place prior to the year end.

	2013 Audited Balance sheet £'000	Recapital- isation £'000	Proforma Balance sheet £'000
Fixed assets			
Intangible assets	3,149		3,149
Tangible assets	13,357		13,357
Investments	14,649		14,649
	31,155		31,155
Current assets			
Stock	970		970
Debtors: amounts falling due within one year	135,436		135,436
Debtors: amounts falling due after more than one year	2,875		2,875
Cash at bank and in hand	5,992		5,992
Total current assets	145,273		145,273
Current liabilities			
Creditors: amounts falling due within one year	(94,254)	50,000	(44,254)
Net current assets	51,019	50,000	101,019
Total assets less current liabilities	82,174	50,000	132,174
Creditors: amounts falling due after more than one year	(6,667)		(6,667)
Provision for liabilities and charges	(118,539)		(118,539)
Net assets	(43,032)	50,000	6,968
Capital and reserves			
Called up share capital	1,538	50,000	51,538
Share premium account	3,983		3,983
Capital contribution reserve	561		561
Profit and loss reserve	(49,114)		(49,114)
Net shareholders' funds	(43,032)	50,000	6,968

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

3 Segmental Reporting

	Turnover		(loss)/Profit before tax		(Loss)/Profit after tax	
			After goodwill amortisation		and goodwill amortisation	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Business						
Business and Geographical analysis:						
Secure Solutions UK and Ireland	350,576	336,039	(94,746)	34,645	(94,389)	24,403
	350,576	336,039	(94,746)	34,645	(94,389)	24,403

Net assets are disclosed in the immediate parent undertakings' consolidated financial statements which are publicly available (see note 28).

4 Operating profit

This operating profit is stated after charging/(crediting):

	2013	2012
	£'000	£'000
Amortisation of goodwill (note 8)	463	463
Depreciation of tangible fixed assets (note 9)		
- Owned assets	2,324	3,559
- Leased assets	1,483	1,599
(Loss) on disposal of fixed assets	(251)	(28)
Operating lease rentals		
- Plant	3,707	1,713
- Machinery	491	488
- Other	537	548
Services provided by the company's auditor		
Auditor's remuneration for audit services	208	203
Auditor's remuneration for non-audit services	-	-

Administrative expenses includes the financial settlement with the Ministry of Justice in respect of claims arising in relation to Electronic Monitoring services by G4S Care and Justice Services (UK) Ltd in England and Wales between 2005 and 2013 for a total of £104,434,000.

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

5 Employees

	2013 £'000	2012 £'000
Staff costs (including directors)		
Wages and salaries	137,733	134,850
Social security costs	13,360	12,991
Other pension costs (see note 22)	7,567	7,543
	158,660	155,384

	2013 Number	2012 Number
Average number of employees (including directors)		
Average number of employees	5,891	5,307
	5,891	5,307

	2013 £'000	2012 £'000
Directors' emoluments		
Aggregate emoluments	-	233

The number of directors with pension benefits accruing under a defined benefit scheme was 3 (2012:3).

	2013 £'000	2012 £'000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	-	233

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

6 Interest

	2013 £'000	2012 £'000
Interest payable and similar charges:		
Bank loans and overdrafts	(85)	(52)
Finance lease interest	(923)	(1,197)
Total interest payable and similar charges	(1,008)	(1,249)
Interest receivable and similar income:		
Interest receivable from group undertakings (members of G4S Plc group)	367	1,351
Total interest receivable and similar income	367	1,351

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

7 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Analysis of tax charge for the year		
Current tax		
UK corporation tax on profit for the year	-	10,424
Adjustments in respect of previous years	175	(573)
Total current tax	175	9,851
Deferred tax		
Origination and reversal of timing differences	(489)	(397)
Adjustment in respect of rate change	358	169
Adjustments in respect of previous years	(401)	619
Total deferred tax (note 14)	(532)	391
Tax on profit on ordinary activities	(357)	10,242

The tax for 2013 is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%) and the differences are explained below:

	2013 £'000	2012 £'000
(Loss)/Profit on ordinary activities before taxation	(94,746)	34,645

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(22,028)	8,488
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Effects of:

Adjustments in respect of prior years	175	(573)
Current year adjustments	-	-
Timing differences	22	-
Permanent differences	125	1,933
Tax losses not recognized	21,298	
Capital allowances for the period in excess of depreciation	583	3
Current tax charge for the year	175	9,851

A deferred tax asset relating to tax losses of £21,298,000 has not been recognized as there is insufficient evidence that this asset would be recovered in future periods. The asset would be recovered if sufficient taxable profits were to arise in the future.

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

8 Intangible assets

	Goodwill £'000
Cost	
At 1 January 2013	9,255
At 31 December 2013	9,255
Amortisation	
At 1 January 2013	(5,643)
Charge for the year	(463)
At 31 December 2013	(6,106)
Net book amount	
At 31 December 2013	3,149
At 31 December 2012	3,612

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

9 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 2013	2,676	505	49,674	52,855
Additions	9	91	1,296	1,396
Inter Company Transfers	-	-	(3,708)	(3,708)
Disposals	-	(135)	(2,742)	(2,877)
At 31 December 2013	2,685	461	44,520	47,666
Accumulated depreciation				
At 1 January 2013	(211)	(224)	(35,921)	(36,356)
Charge for the year	(61)	(44)	(3,702)	(3,807)
Inter Company Transfers	-	-	3,228	3,228
Disposals	-	83	2,543	2,626
At 31 December 2013	(272)	(185)	(33,852)	(34,309)
Net book amount				
At 31 December 2013	2,413	276	10,668	13,357
At 31 December 2012	2,465	281	13,753	16,499

Assets held under finance leases and capitalised in plant and equipment comprise cost of £26,280,134 (2012: £26,280,134), aggregated depreciation of £18,920,503 (2012: £17,468,061), and a net book amount of £7,359,631 (2012: £8,842,073).

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

10 Investments

	Subsidiary £'000	Total £'000
At 1 January 2013	14,649	14,649
At 31 December 2013	14,649	14,649

Company	Class	Shareholding (%)
G4S Monitoring Technologies Limited	Ordinary	100
G4S Policing Solutions Limited	Ordinary	100
G4S Policing Skills Development Limited	Ordinary	100

The principal activity for G4S Policing Skills Development and G4S Policing Solutions Limited is policing recruitment and support.

G4S Monitoring Technologies manufacture and sell/lease monitoring units to Government agencies across the world.

11 Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	970	690
	970	690

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 2013

12 Debtors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade debtors	35,185	27,762
Amounts receivable from group undertakings (members of G4S Plc group)	44,902	61,479
Other debtors	3,368	6,808
Prepayments and accrued income	51,981	29,578
	135,436	125,627

£35,331,414 of the amounts receivable from group undertakings relates to loans which are repayable on 15 December 2014. 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.

13 Debtors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Deferred tax asset (note 14)	2,875	2,343
	2,875	2,343

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

14 Deferred tax

	2013	2012
	£'000	£'000
Accelerated capital allowances	2,705	1,568
Other timing differences	170	775
Deferred tax asset	2,875	2,343
	£'000	£'000
At start of year	2,343	2,734
Deferred tax (credit) / charge in profit and loss account (note 7)	532	(391)
At end of year	2,875	2,343

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

15 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	10,053	9,878
Amounts owed to group undertakings (members of G4S Plc group)	38,924	40,359
Other taxation and social security	6,597	8,246
Other creditors	5,372	6,328
Net obligations under finance leases (note 17)	1,834	1,683
Corporation tax	824	11,406
Accruals and deferred income	30,650	25,685
	94,254	103,585

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 2013

16 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Lottery grant income	151	-
Net obligations due under finance leases (note 17)	6,516	7,905
	6,667	7,905

17 Net obligations due under finance leases

	2013 £'000	2012 £'000
In one year or less, or on demand	1,834	1,683
In two but not more than five years	6,477	6,299
In more than five years	39	1,606
	8,350	9,588

18 Provisions for liabilities and charges

	Contract provisions £'000	Asset Replacement Fund £'000	Total £'000
At 1 January 2013	-	2,617	2,617
Utilised during the year	-	(893)	(893)
Charged to profit and loss account	116,142	673	116,815
	116,142	2,397	118,539

The asset replacement provision represents expected 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.

Contract provisions includes the future unavoidable losses on specific contracts up to the earliest date when the contracts can be terminated at the company's request or contractual terms revised. On 12th March 2014 the Group announced that it had reached settlement with the UK Ministry of Justice in respect of claims arising in relation to Electronic Monitoring Services provided between 2005 and 2013. The total settlement was £104,434,000 and has been provided within contract provisions.

Due to the nature of these contracts, there is uncertainty as to the level of ongoing unavoidable costs which the group is expecting to incur over the period until the point in time at which the contractual terms can be renegotiated with the customer. Consequently, the directors have provided for all foreseeable losses which they expect will occur over the entire contract life.

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

19 Called up share capital

	2013 £	2012 £
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

20 Reserves

	Capital contribution reserve £'000	Profit and loss reserve £'000	Share premium £'000	Total £'000
At 1 January 2013	561	45,275	3,983	49,819
Loss for the financial year	-	(94,389)	-	(94,389)
At 31 December 2013	561	(49,114)	3,983	(44,570)

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.

21 Reconciliation of movement in total shareholders' funds

	2013 £'000	2012 £'000
Loss for the financial year	(94,389)	24,403
Dividends paid	-	(23,177)
Increase in total shareholders' funds	(94,389)	1,226
Opening total shareholders' funds	51,357	50,131
Closing total shareholders' funds	(43,032)	51,357

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

22 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 2013, the actuarial surplus relating to this defined benefit scheme was £31,410,000 (2012: surplus £37,810,000). 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 £7,567,385 (2012: £7,543,000). As at 31 December 2013 contributions amounting to £802,258 were outstanding (2012: £754,839).

23 Operating lease commitments

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

	2013		2012	
	Land & Buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Within one year	423	239	111	397
Between two and five years	365	519	596	514
After five years	60	-	580	-
	848	758	1,287	911

24 Related party transactions

The immediate parent company as disclosed in note 28 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. In 2011 the company sold its 50% shareholding in STC (Milton Keynes) Holdings Limited. The following transactions occurred with these companies during the year, together with the related year end positions:

	2013	2013	2012	2012
	Income £'000	Amounts receivable £'000	Income £'000	Amounts receivable £'000
Fazakerley Prison Services Limited *	32,579	3,339	33,623	3,285
Onley Prison Services Limited *	14,262	1,464	13,728	1,407
Bridgend Custodial Services Limited*	42,208	4,252	41,266	4,135
ECD Cookham Wood Limited *	12,224	1,195	13,279	1,377
ECD Onley Limited *	13,375	1,417	12,847	1,346
STC (Milton Keynes)	13,304	1,382	-	-
At 31 December 2013	127,952	13,049	114,743	11,550

G4S Care and Justice Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2013

25 Capital commitments

The company has £617,926 capital commitments as at 31 December 2013 (31 December 2012: £907,700).

26 Post balance sheet event

The COMPASS contract, for provision of accommodation for asylum seekers, became fully operational in January 2013. Mobilisation issues in establishing a reliable supply chain of housing and shortfalls against KPIs has impacted the contract performance and an onerous contract provision has been included in the accounts.

During 2014 the volume of asylum seekers directed by the Home Office to the company has and continues to rise with frequent surges which lead the company to incur unreimbursed accommodation costs. The company has no volume thresholds in the contract. A plan is being put in place to manage the variability of user volumes under the contract; nonetheless it is probable that an increase of the onerous contract provision will be required.

27 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 2013 totaled £9,501,408 (2012: £15,070,425).

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.

28 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.