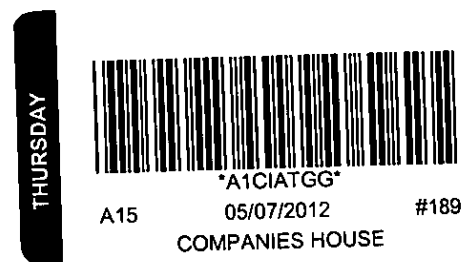


# Serco International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2011



A company registered in England and Wales, number 02324094

**Serco International Limited**  
**Contents**

Company Information	1
Director's Report	2
Director's Responsibilities Statement	3
Independent Auditor's Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 12

**Serco International Limited**  
**Company Information**

<b>Registered office</b>	Serco House 16 Bartley Wood Business Park Bartley Way Hook Hampshire RG27 9UY
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

**Serco International Limited**  
**Director's Report for the Year Ended 31 December 2011**

The director presents his Annual Report and the audited financial statements for the year ended 31 December 2011. As set out in note 1 to the financial statements, the director considers it appropriate to prepare the accounts on the going concern basis.

**Principal activity**

The principal activity of the Company is that of a holding company. During the year a number of subsidiaries and joint ventures were disposed of.

**Financial risk management**

The Company's principal financial instruments are its intercompany receivables and payables. The director does not consider that the Company is exposed to significant interest rate or liquidity risk because the interest payments on its intercompany payables are expected to be funded by returns on intercompany receivables and reserves earned from profit on sale of previous investments. Further discussion of financial risk management is included in the consolidated Annual Report and Accounts of Serco Group plc.

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus the going concern basis of accounting continues to be adopted in preparing the financial statements.

**Directors of the Company**

The directors who held office during the year and to the date of this report were as follows:

G Leach

J Roberts (resigned 15 May 2012)

C Nunn (resigned 18 February 2011)

**Disclosure of information to the auditor**

The director has taken the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.


**Auditor**

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the reappointment of auditors annually are currently in force. Deloitte LLP has expressed its willingness to continue in office and will therefore be deemed to have been reappointed.

**Small company provisions**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 28 June 2012 and signed by

  
G Leach  
Director

**Serco International Limited**  
**Director's Responsibilities Statement**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of Serco International Limited**

We have audited the financial statements of Serco International Limited for the year ended 31 December 2011, comprising the profit and loss account, the balance sheet and the related notes 1 to 16, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement (set out on page 3), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on 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 United Kingdom 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 Director's 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Helen George (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP,  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

28 June 2012

**Serco International Limited**  
**Profit and Loss Account for the Year Ended 31 December 2011**

	Note	2011 £ 000	Restated 2010 £ 000
Management charges received		100	159
Other administrative expenses		(247)	(1,265)
Amortisation of intangible fixed assets		<u>(3)</u>	<u>(27)</u>
<b>Operating loss</b>	1	(150)	(1,133)
Profit on disposal of fixed asset investments	8	1,811	3,605
Interest receivable and similar income	5	380	284
Interest payable and similar charges	6	<u>(596)</u>	<u>(455)</u>
<b>Profit on ordinary activities before taxation</b>		1,445	2,301
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><u>1,445</u></u>	<u><u>2,301</u></u>

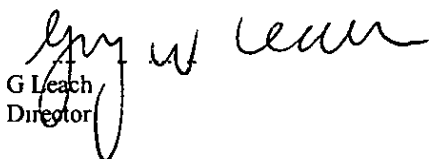
All results derive wholly from continuing operations

The Company has no recognised gains or losses for the year other than the results above

**Serco International Limited**  
**(Registration number: 02324094)**  
**Balance Sheet at 31 December 2011**

	Note	2011 £ 000	2010 £ 000
<b>Fixed assets</b>			
Goodwill	9	-	336
Investments	8	-	562
		<u>-</u>	<u>898</u>
<b>Current assets</b>			
Debtors amounts falling due within one year	10	171	87
Debtors amounts falling due after more than one year	10	71,675	70,749
		<u>71,846</u>	<u>70,836</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors amounts falling due within one year	11	(5,283)	(6,616)
Net current assets		<u>66,563</u>	<u>64,220</u>
Total assets less current liabilities		66,563	65,118
<b>Creditors: amounts falling due after more than one year</b>			
Creditors amounts falling due after more than one year	12	(380)	(380)
Net assets		<u>66,183</u>	<u>64,738</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Share premium account	14	62,330	62,330
Profit and loss account	14	3,853	2,408
Shareholder's funds	15	<u>66,183</u>	<u>64,738</u>

Approved by the director on 28 June 2012

  
G Leach  
Director



## **Serco International Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2011**

#### **1 Accounting policies**

The principal accounting policies are set out below and have been applied consistently throughout the current and preceding financial years

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and applicable UK law and accounting standards

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention

#### **Restatement**

The 2010 comparative figures have been restated to separately present the profit on disposal of fixed asset investments from the operating results of the business

#### **Exemption from preparing a cash flow statement**

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group, and the Company's results are included within the consolidated financial statements of Serco Group plc, which are publicly available

#### **Exemption from preparing group accounts**

These financial statements present information about the Company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of a company incorporated in Great Britain and registered in England and Wales and is therefore exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare and deliver group accounts. The only group company for which consolidated financial statements are also prepared is Serco Group plc.

#### **Related parties**

The Company is exempt under the terms of FRS 8 "Related Party Transactions" from disclosing related party transactions with entities that are 100% owned by the Serco Group plc group.

#### **Going concern**

As an investment holding company, the Company does not trade. The Company's principal financial instruments are its intercompany receivables and payables and is funded by its returns on intercompany receivables and reserves from the profit on sale of investments. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

#### **Goodwill**

Goodwill arising on the acquisition of businesses is capitalised on the balance sheet in accordance with FRS 10 "Goodwill and Intangible Assets". Goodwill represents the excess of consideration paid over the fair value of assets acquired. Amortisation of goodwill is provided on a straight line basis over the useful economic life of the asset or a period of 20 years, whichever is shorter. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit and loss account and is not subsequently reversed.

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

#### **Current tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Serco International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2011

..... *continued*

#### Deferred tax

Deferred tax is recognised in respect of all timing differences 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the 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 substantively enacted by the balance sheet date.

#### Basis of translation of foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange on the dates of the transactions. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the profit and loss account for the period. Where foreign currency equity investments have been financed by foreign currency borrowings, gains and losses arising on the retranslation of the borrowings are offset in reserves only to the extent of the gains and losses arising on the retranslation of the investments.

#### 2 Particulars of employees

The Company had no employees during either the current or preceding financial year.

#### 3 Director's remuneration

No director received any remuneration for services to the Company during either the current or preceding year.

#### 4 Auditor's remuneration

Auditor's remuneration of £5,000 (2010: £5,000) for the audit of the Company's annual accounts was borne by another group company in both current and preceding financial years. There have been no non-audit fees incurred by the Company and payable to Deloitte LLP during the year (2010: £nil).

#### 5 Interest receivable and similar income

	2011 £ 000	2010 £ 000
Interest receivable from group companies	<u>380</u>	<u>284</u>

#### 6 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Interest payable to group companies	<u>596</u>	<u>455</u>

# Serco International Limited

## Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

### 7 Taxation

#### Tax on profit on ordinary activities

	2011 £ 000	2010 £ 000
<b>Current tax</b>		
UK Corporation tax	-	-

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

For the year ended 31 December 2011 the blended rate of 26.5% (2010: 28%) has been applied as the effective rate of tax due to a change in the UK Corporation tax rate from 28% to 26% with effect from 1 April 2011.

The differences are reconciled below

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	1,445	2,301
Corporation tax charge at standard rate	383	644
Tax incentives and tax exempt income	(480)	(1,009)
Expenses not deductible for tax purposes	1	224
Group relief with no consideration	96	141
Total current tax	-	-

### 8 Investments held as fixed assets

	Joints ventures £ 000
<b>Cost and net book value</b>	
At 1 January 2011	562
Disposals	(562)
At 31 December 2011	-
At 31 December 2010	562

During the year the Company transferred its 49% ownership in International Aeradio (Emirates) LLC (Abu Dhabi) and International Aeradio (Emirates) LLC (Dubai) to Serco Holdings Limited, a company within the Serco Group, for consideration of £2,706,000. The Company recognised a £1,811,000 net profit on disposal.

The Company also disposed of its 50% holding in Equity Aviation Holdings (Pty) Limited for £nil consideration. The joint venture was fully written down in a prior period.

# Serco International Limited

## Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

### 9 Goodwill

	Total £ 000
<b>Cost</b>	
At 1 January 2011	538
Disposal	(538)
At 31 December 2011	-
<b>Accumulated amortisation</b>	
At 1 January 2011	202
Charge to the date of disposal	3
Eliminated on disposal	(205)
At 31 December 2011	-
<b>Net book value</b>	
At 31 December 2011	-
At 31 December 2010	336

### 10 Debtors

#### a) Amounts falling due within one year

	2011 £ 000	2010 £ 000
Amounts owed by group undertakings and undertakings in which the company has a participating interest	67	67
Other debtors	104	20
	171	87

Amounts owed by group companies are due within 30 days of the balance sheet date and do not bear interest

# Serco International Limited

## Notes to the Financial Statements for the Year Ended 31 December 2011

..... continued

### b) Amounts falling due after more than one year

	2011 £ 000	2010 £ 000
Amounts owed by group companies	71,667	70,749
Other debtors	8	-
	<u>71,675</u>	<u>70,749</u>

Amounts owed by group companies have no fixed repayment date and bear interest based at LIBOR minus 0.2%

### 11 Creditors: Amounts falling due within one year

	2011 £ 000	2010 £ 000
Amounts owed to group companies	<u>5,283</u>	<u>6,616</u>

Amounts owed to group companies are due within 30 days of the balance sheet date and do not bear interest

### 12 Creditors: Amounts falling due after more than one year

	2011 £ 000	2010 £ 000
Amounts owed to group companies	<u>380</u>	<u>380</u>

Amounts due to group companies have no fixed repayment date and bear interest based on LIBOR plus 2%. These amounts have no fixed repayment date

### 13 Share capital

#### Allotted, called up and fully paid shares

	2011 £	2010 £
9 (2010: 9) ordinary shares of £1 each	<u>9</u>	<u>9</u>

### 14 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2011	62,330	2,408	64,738
Profit for the year	-	1,445	1,445
At 31 December 2011	<u>62,330</u>	<u>3,853</u>	<u>66,183</u>

## Serco International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2011

..... *continued*

#### 15 Reconciliation of movement in shareholder's funds

	2011 £ 000	2010 £ 000
Profit for the financial year attributable to the members of the Company	1,445	2,301
Net addition to shareholder's funds	1,445	2,301
Shareholder's funds at 1 January	64,738	62,437
Shareholder's funds at 31 December	66,183	64,738

#### 16 Control

The company is controlled by Serco Holdings Limited. The ultimate parent company and controlling entity of the Company is Serco Group plc, a company incorporated in Great Britain and registered in England and Wales. Serco Group plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. The financial statements of Serco Group plc are available from The Company Secretary, Serco Group plc, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY.