

Serco International Limited

Director's Report and Financial Statements

for the Year Ended 31 December 2012



A company registered in England and Wales, number 02324094

Serco International Limited

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Serco International Limited

Company Information

Registered office Serco House
16 Bartley Wood Business Park
Bartley Way
Hook
Hampshire
RG27 9UY

Auditor Deloitte LLP
London
United Kingdom

Serco International Limited

Director's Report for the Year Ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012. As set out in note 1 to the financial statements, the director considers it appropriate to prepare the accounts on the going concern basis.

The Company meets the definition of a qualifying entity under FRS100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. During the year the Company has undergone transition from reporting under UK GAAP to FRS 101 and as such the financial statements for the year ended 31 December 2011 have been restated.

Principal activity

The principal activity of the Company is that of a holding company.

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 the sale of previous investments. Further discussion of financial risk management is included in the consolidated Annual Report and Accounts of Serco Group plc.

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)

Disclosure of information to the auditor

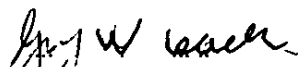
The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he 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 the auditor annually are currently in force. Deloitte LLP has expressed its willingness to continue in office and will therefore be deemed to be reappointed.

The director's report has been prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 4 July 2013 and signed on its behalf by


G Leach
Director

Serco International Limited

Director's Responsibilities Statement

The director is responsible for preparing the Director's 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent,
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

Serco International Limited

Independent Auditor's Report Serco International Limited

We have audited the financial statements of Serco International Limited for the year ended 31 December 2012, comprising the profit and loss account, the statement of changes in equity, the balance sheet and related notes 1 to 13 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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 directors and auditor

As explained more fully in the Director's Responsibilities Statement, 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 to the financial statements.

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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

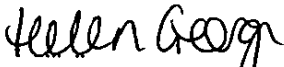
Opinion on other matter prescribed by the Companies Act 2006

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.



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

4 July 2013

Serco International Limited

Profit and Loss Account for the Year Ended 31 December 2012

		2012	2011	2011
	Note	£ 000	Restated £ 000	Originally reported £ 000
Management charges received		98	100	100
Other administrative expenses		(210)	(247)	(247)
Amortisation of intangible fixed assets		<u>-</u>	<u>-</u>	<u>(3)</u>
Operating loss		(112)	(147)	(150)
Profit on disposal of fixed asset investments		-	1,808	1,811
Interest receivable and similar income	5	380	380	380
Interest payable and similar charges	6	<u>(757)</u>	<u>(596)</u>	<u>(596)</u>
(Loss)/profit on ordinary activities before tax		(489)	1,445	1,445
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year being comprehensive income/(expense)		<u>(489)</u>	<u>1,445</u>	<u>1,445</u>

All results derive wholly from continuing operations

The Company has no other comprehensive income for the year other than the results above and accordingly no statement of comprehensive income has been presented

Serco International Limited

Statement of Changes in Equity for the Year Ended 31 December 2012

	Share capital	Share premium	Profit and loss	Total equity
	£ 000	£ 000	account	£ 000
At 1 January 2011	-	62,330	2,408	64,738
Comprehensive income for the financial year	-	-	1,445	1,445
At 1 January 2012	-	62,330	3,853	66,183
Comprehensive expense for the financial year	-	-	(489)	(489)
At 31 December 2012	-	62,330	3,364	65,694

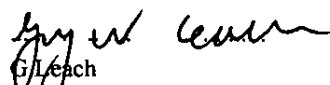
Serco International Limited

(Registration number: 02324094)

Balance Sheet as at 31 December 2012

	Note	2012 £ 000	2011 £ 000
Current assets			
Debtors amounts falling due within one year	8	222	171
Debtors amounts falling due after more than one year	8	<u>65,684</u>	<u>71,675</u>
		65,906	71,846
Creditors amounts falling due within one year	9	<u>(212)</u>	<u>(5,283)</u>
Net current assets		<u>65,694</u>	<u>66,563</u>
Creditors: amounts falling due after more than one year			
Creditors amounts falling due after more than one year	10	<u>-</u>	<u>(380)</u>
Net assets		<u>65,694</u>	<u>66,183</u>
Capital and reserves			
Called up share capital	11	-	-
Share premium account		62,330	62,330
Profit and loss account		<u>3,364</u>	<u>3,853</u>
Shareholder's funds	12	<u>65,694</u>	<u>66,183</u>

Approved by the director on 4 July 2013


G. Leach
Director

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the current and preceding years, unless otherwise stated.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Director's Report on page 2.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2012 the Company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has restated the 2011 profit and loss account, the restatement has arisen due to the differences in accounting treatment of amortisation of goodwill under UK GAAP and FRS 101. The effect of the restatement is £3,335 with no impact on profit on ordinary activities after tax.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash-flow statement, standards not yet effective, and related party transactions.

The financial statements have been prepared on the historical cost basis and on the going concern basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Related parties

The Company is exempt under the terms of FRS 101 from disclosing related party transactions with entities that are 100% owned by Serco Group plc.

Going concern

The director acknowledges the latest guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009. 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 in prior years.

Given the secure balance sheet position, these accounts have been drawn up on the going concern basis.

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.

Foreign currency transactions and balances

Transactions in currencies other than 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. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing on the date when the fair value was determined. Gains and losses are arising on retranslation are included in the net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in reserves.

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

Current tax

The tax expense represents the sum of current tax expense and deferred tax expense

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which these items can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset and liability in a transaction other than a business combination and, at the time of the transaction, affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority where the Company intends to settle its current tax assets and liabilities on a net basis.

2 Particulars of employees

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

3 Directors' remuneration

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

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

4 Auditor's remuneration

Auditor's remuneration of £5,000 (2011 £5,000) for the audit of the Company's annual accounts was borne by another group company in both current and preceding financial years

5 Interest receivable and similar income

	2012 £ 000	2011 £ 000
Interest receivable from group companies	<u>380</u>	<u>380</u>

6 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Interest payable to group companies	<u>757</u>	<u>596</u>

7 Taxation

Tax on profit on ordinary activities

The current year total tax charge is £nil (2011 £nil)

Factors affecting current tax charge for the year

The tax on profit before tax for the year is lower than (2011 lower than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)

The differences are reconciled below

	2012 £ 000	2011 £ 000
(Loss)/profit before tax	<u>(489)</u>	<u>1,445</u>
Corporation tax charged at 24.5% (2011 26.5%)	(120)	383
Tax incentives and tax exempt income	-	(480)
Expenses not deductible for tax purposes	15	1
Group relief with no consideration	<u>105</u>	<u>96</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

8 Debtors

a) Amounts falling due within one year

	2012 £ 000	2011 £ 000
Amounts owed by group companies	215	67
Other debtors	7	104
	<u>222</u>	<u>171</u>

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

b) Amounts falling due after more than one year

	2012 £ 000	2011 £ 000
Amounts owed by group companies	65,684	71,667
Other debtors	-	8
	<u>65,684</u>	<u>71,675</u>

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

9 Creditors: Amounts falling due within one year

	2012 £ 000	2011 £ 000
Amounts owed to group companies	<u>212</u>	<u>5,283</u>

Amounts owed to 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 2012

10 Creditors: Amounts falling due after more than one year

	2012 £ 000	2011 £ 000
Amounts owed by group companies	<u>-</u>	<u>380</u>

Amounts owed to group companies have no fixed repayment date and bear interest based on LIBOR plus 2%

11 Called up share capital

Allotted, called up and fully paid

	2012 £	2011 £
9 (2011 9) ordinary shares of £1 each	<u>9</u>	<u>9</u>

12 Reconciliation of movement in shareholder's funds

	2012 £ 000	2011 £ 000
(Loss)/profit attributable to members of the Company	(489)	1,445
Shareholder's funds at 1 January	<u>66,183</u>	<u>64,738</u>
Shareholder's funds at 31 December	<u>65,694</u>	<u>66,183</u>

13 Control

The Company's immediate parent is Serco Holdings Limited. The ultimate parent company and controlling party 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. These financial statements are available upon request from the Company Secretary, Serco Group plc, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire RG27 9UY.