

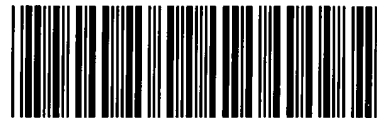
Registration number: 02324094

# Serco International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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## **Serco International Limited**

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## **Serco International Limited**

### **Company Information**

<b>Director</b>	G Leach
<b>Registered office</b>	Serco House, 16 Bartley Wood Business Park Bartley Way Hook Hampshire RG27 9UY
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

## **Serco International Limited**

### **Strategic Report for the Year Ended 31 December 2016**

The director presents his strategic report for the year ended 31 December 2016.

#### **Principal activity**

The company is a non-trading entity, with its only activity being the accrual of interest receivable from group companies.

#### **Business review**

During the year the Company earned £146k interest receivable from group companies (2015: £201k). As a result, the Company has generated a profit of £165k (2015 as restated: £201k).

The Company did not pay a dividend in the current and preceding year.

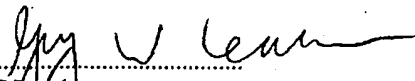
The Company does not trade and is not expected to trade in the future.

#### **Principal risks and uncertainties**

The Company's principal financial instruments are its intercompany receivables. The director does not consider that the Company is exposed to significant interest rate or liquidity risk. Financial risk management for Serco Group is undertaken by Serco Group plc. The Group risk register is regularly updated and periodically discussed at Serco Group plc board meetings.

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.

Approved by the Board on 25 September 2017 and signed on its behalf by:

  
.....  
G Leach  
Director

## **Serco International Limited**

### **Director's Report for the Year Ended 31 December 2016**

The director presents his report and the financial statements for the year ended 31 December 2016.

#### **Directors of the company**

The director who held office during the year was as follows:

G Leach

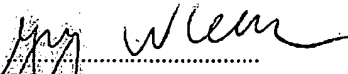
#### **Disclosure of information to the auditors**

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.

#### **Auditor**

In accordance with Section 487 of the Companies Act 2006, Deloitte LLP has not been re-appointed as the Company's auditor. Following a competitive tender process, KPMG LLP have confirmed their willingness to be appointed as the Company's auditor for the year ending 31 December 2016.

Approved by the Board on 25 September 2017 and signed on its behalf by:

  
G Leach  
Director

## **Serco International Limited**

### **Statement of Director's Responsibilities**

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101). 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;
- state whether FRS 101 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.

## **Serco International Limited**

### **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 2016, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 Statement of Director's Responsibilities (set out on page 4), 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 (APB's) Ethical Standards for Auditors to the financial statements.

#### **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](http://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 2016 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 Strategic Report and Director's Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Director's report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

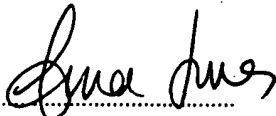
## **Serco International Limited**

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

#### **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.



Anna Jones (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Chartered Accountants and Statutory Auditor

15 Canada Square  
London  
E14 5GL

Date: 25/9/17



# Serco International Limited

## Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 (restated)* £ 000
Management charges (charged)/received		-	-
Administrative income		19	-
<b>Operating profit</b>		19	-
Interest receivable and similar income	4	146	201
<b>Profit before tax</b>		165	201
Tax on profit on ordinary activities	8	-	-
<b>Profit for the financial year</b>		165	201

The above results were derived from continuing operations.

There were no items of other comprehensive income and therefore no statement of other comprehensive income has been shown.

\*As per note 2 on page 10.

**Serco International Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2016**

	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2015 (restated)*	-	62,330	2,773	65,103
Profit for the year	-	-	201	201
At 31 December 2015	-	62,330	2,974	65,304
	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2016	-	62,330	2,974	65,304
Profit for the year	-	-	165	165
At 31 December 2016	-	62,330	3,139	65,469

\*As per note 2 on page 10.

Retained earnings at 1 January 2015 as previously reported were £3,329k. The impact of the prior period adjustment disclosed in Note 2 of the accounts resulted in a reduction to retained earnings of £556k, resulting in restated retained earnings at 1 January 2015 of £2,773k as above.

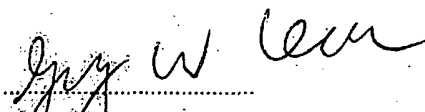
**Serco International Limited**

**(Registration number: 02324094)  
Balance Sheet as at 31 December 2016**

	Note	2016 £ 000	2015 (restated)* £ 000
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	11	153
Debtors: amounts falling due after more than one year	11	<u>65,999</u>	<u>65,816</u>
		66,010	65,969
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	12	<u>(541)</u>	<u>(665)</u>
Net assets		<u>65,469</u>	<u>65,304</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Share premium reserve		62,330	62,330
Profit and loss account		<u>3,139</u>	<u>2,974</u>
<b>Shareholders' funds</b>		<u>65,469</u>	<u>65,304</u>

\*As per note 2 on page 10.

The financial statements (registered number: 02324094) were approved by the director on 25 September 2017 and signed on its behalf by:

  
 .....  
 G. Leach  
 Director

The notes on pages 10 to 13 form an integral part of these financial statements.

## **Serco International Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **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. 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.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transaction disclosures. This is because the Company is included within the consolidated financial statements of Serco Group plc which are available from the address provided in note 14.

The financial statements have been prepared on the historical cost basis and on the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

None of the changes to UK GAAP that became effective in the year had a significant impact on the Company's financial statements.

##### **Going concern**

The Company's principal financial instruments are its intercompany receivables 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.

##### **Prior period adjustments**

During the year an exercise was undertaken to review contractual relationships with other group companies. Historically, Serco International Limited provided management services to another group company for which it received a management fee. As part of the review it was identified that in 2010 the contract for the management services had been novated to another group company, Serco Holdings Limited. This has resulted in a prior period adjustment to remove management fee income of £110,000 from the Company's 2015 comparative Profit and Loss and adjust 2015 brought forward retained earnings by £556,000 to reflect historical management fees that should have been reflected in Serco Holdings Limited.

## Serco International Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### 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.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### 3 Operating loss

Arrived at after crediting

	2016 £ 000	2015 £ 000
Foreign exchange gains	(19)	-

#### 4 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest receivable from group companies	146	201

#### 5 Staff costs

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

#### 6 Director's remuneration

The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Director receive from their respective Group company employer to the qualifying services they provide to the Company. The Company is also of the opinion any allocation would be immaterial.

#### 7 Auditor's remuneration

Auditor's remuneration of £2,000 (2015: £3,750) for the audit of the Company's annual accounts was borne by another group company in both the current and preceding financial years. There have been £nil non-audit fees incurred by the Company and payable to the Company's auditor during the year (2015: £nil).

# Serco International Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016

### 8 Taxation

The tax charge on profit on ordinary activities is £nil (2015: £nil).

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

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	(As restated) 2015 £ 000
Profit before tax	165	201
Corporation tax at 20% (2015: 20.25%)	33	41
Group relief with no consideration	(33)	(41)
<b>Total tax charge/(credit)</b>	<b>-</b>	<b>-</b>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

### 9 List of subsidiaries

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Nature	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Equity Investment (Pty) Ltd	Aviation Direct Holdings	Block F, 1st Floor, Gilloolys View, Osborn Lane, Bedfordview, Johannesburg 2000, South Africa	50%	50%

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

	2016 £ 000	2015 £ 000
Amounts owed by group companies	11	153
	11	153

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 2016

### 11 Debtors: amounts falling due after more than one year

	2016 £ 000	2015 £ 000
Amounts owed by group companies	65,999	65,816

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

### 12 Trade and other payables

	2016 £ 000	(As restated) 2015 £ 000
Amounts owed to group companies	541	665

### 13 Called up share capital

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

	2016		2015	
	No.	£	No.	£
Ordinary of £1 each	9	9	9	9

### 14 Control

The Company's immediate parent is Serco Holdings Limited.

The ultimate parent and controlling party is Serco Group plc, a company incorporated in the United Kingdom 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.