

Registration number: 02324094

Serco International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



Serco International Limited

Contents

Company Information	1
Strategic Report	2
Director's Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report to the Members of Serco International Limited	5 to 6
Profit and Loss Account	7
Statement of Changes in Equity	8
Balance Sheet	9
Notes to the Financial Statements	10 to 13

Serco International Limited

Company Information

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

Serco International Limited

Strategic Report for the Year Ended 31 December 2017

The director presents his strategic report for the year ended 31 December 2017.

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 £58k interest receivable from group companies (2016: £146k). As a result, the Company has generated a profit of £58k (2016: £165k).

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.

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

Going concern

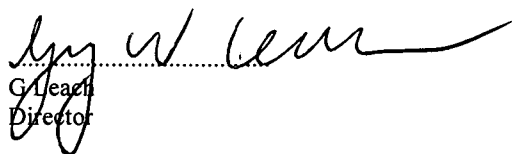
The company is in a net asset position, and given the current period profit, the directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

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 1 August 2018 and signed on its behalf by:



G. Leach
Director

Serco International Limited

Director's Report for the Year Ended 31 December 2017

The director presents his report and the financial statements for the year ended 31 December 2017.

Directors of the company

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

G Leach

The director benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

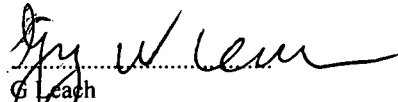
Disclosure of information to the auditor

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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 1 August 2018 and signed on its behalf by:


G Leach
Director

Serco International Limited

Statement of Directors' 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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Serco International Limited

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

Opinion

We have audited the financial statements of Serco International Limited for the year ended 31 December 2017, 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, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Serco International Limited

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

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Mark Wrigglesworth (Senior Statutory Auditor)

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

15 Canada Square
London
E14 5GL

1 August 2018

Serco International Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Administrative income		-	19
Operating profit		-	19
Interest receivable and similar income	4	58	146
Profit before tax		58	165
Tax on profit on ordinary activities	8	-	-
Profit for the financial year		58	165

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.

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

Serco International Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
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
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	-	62,330	3,139	65,469
Profit for the year	-	-	58	58
At 31 December 2017	-	62,330	3,197	65,527

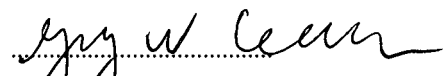
The notes on pages 10 to 13 form an integral part of these financial statements.

Serco International Limited

(Registration number: 02324094)
Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Current assets			
Debtors: amounts falling due within one year	10	31	11
Debtors: amounts falling due after more than one year	11	<u>65,496</u>	<u>65,999</u>
		65,527	66,010
Creditors: Amounts falling due within one year			
Trade and other payables	12	<u>-</u>	<u>(541)</u>
Net assets		<u>65,527</u>	<u>65,469</u>
Capital and reserves			
Called up share capital	13	-	-
Share premium reserve		62,330	62,330
Profit and loss account		<u>3,197</u>	<u>3,139</u>
Shareholders' funds		<u>65,527</u>	<u>65,469</u>

The financial statements (registered number: 02324094) were approved by the director on 1 August 2018 and signed on its behalf by:


G Leach
Director

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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.

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.

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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 profit

Arrived at after crediting

	2017 £ 000	2016 £ 000
Foreign exchange gains	-	(19)

4 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest receivable from group companies	58	146

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.

7 Auditor's remuneration

Auditor's remuneration of £2,000 (2016: £2,000) 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 no non-audit fees incurred by the Company during the year (2016: £nil).

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Taxation

The tax charge on profit on ordinary activities is £nil (2016: £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 (2016 - lower than the standard rate of corporation tax in the UK of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	58	165
Corporation tax at standard rate	11	33
Group relief with no consideration	(11)	(33)
Total tax charge/(credit)	-	-

9 List of subsidiaries

Details of the subsidiaries as at 31 December 2017 are as follows:

Name of subsidiary	Nature	Registered office address	Proportion of ownership interest and voting rights held	
			2017	2016
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

	2017 £ 000	2016 £ 000
Amounts owed by group companies	31	11
	31	11

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 2017

11 Debtors: amounts falling due after more than one year

	2017 £ 000	2016 £ 000
Amounts owed by group companies	<u>65,496</u>	<u>65,999</u>

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

12 Trade and other payables

	2017 £ 000	2016 £ 000
Amounts owed to group companies	<u>-</u>	<u>541</u>

13 Called up share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary of £1 each	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

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.