

Fazakerley Prison Services Limited

Annual report and financial statements

for the year ended 31 March 2014

Registered number: 02984969

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# **Fazakerley Prison Services Limited**

## **Annual Report and financial statements for the year ended 31 March 2014**

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# **Fazakerley Prison Services Limited**

## **Directors and advisers**

### **Directors**

J Petherick  
A Ritchie  
G Nienaber

### **Company Secretary**

Semperian Secretariat Services Limited

### **Registered Office**

Third floor  
Broad Quay House  
Prince Street  
Bristol  
United Kingdom  
BS1 4DJ

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
31 Great George Street  
Bristol  
United Kingdom  
BS1 5QD

# Fazakerley Prison Services Limited

## Strategic report for the year ended 31 March 2014

The directors have pleasure in presenting their Strategic Report for the year ended 31 March 2014.

### Principal activities and business review

The company is engaged under a 28 year contract signed on 20 December 1995 for the provision of the design, construction and management services, including related financing arrangements for a prison HMP Altcourse, at Fazakerley in Liverpool. Its registered number is 02984969. A contract was signed on 26 May 2006 to design, construct, operate and maintain a new houseblock, which was completed on 10 September 2007.

The directors consider the performance of the company during the year, the financial position at the end of the year and its prospects for the future to be satisfactory.

The profit for the year under review as set out in the profit and loss account on page 8 relates to activities undertaken in respect of the project.

### Principal risks and uncertainties

The company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the Directors' report.

### Key performance indicators ('KPIs')

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract which stipulates key performance criteria on operational activities including performance and availability. The Board monitor these on a regular basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

By order of the board,



Semperian Secretariat Services Limited  
Company Secretary

Approved by the Board of Directors on 12 AUG 2014

# **Fazakerley Prison Services Limited**

## **Directors' report for the year ended 31 March 2014**

The directors submit their annual report and the audited financial statements of the company for the year ended 31 March 2014.

### **Future developments**

No significant changes are expected to the company's activities in the foreseeable future other than those set out in the Strategic report.

### **Results and dividends**

The profit for the financial year amounted to £5,106,388 (2013: £4,214,256)

### **Dividends and transfers to reserves**

No dividends have been paid during the year (2013: £15,666.00 per share). No final dividends are proposed at the year-end (2013: £nil).

### **Financial risk management**

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The company also reviews the performance of subcontractors on a monthly basis and takes action if the performance levels fall below the required standards. The board has policies for managing each of these risks and they are summarised below:

#### ***Interest rate risk***

The company has hedged its interest rate risk by using fixed interest rate financial instruments, as described in note 9.

#### ***Inflation risk***

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

#### ***Liquidity risk***

The company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

#### ***Credit risk***

The company receives the bulk of its revenue from a government body and therefore is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality and are regularly reviewed by the directors.

#### ***Major maintenance risk***

The company is ultimately responsible for the on-going major maintenance and replacement expenditure, but the risks associated with this activity, including management of the work, are largely passed to the subcontractor.

# **Fazakerley Prison Services Limited**

## **Directors' report for the year ended 31 March 2014 (continued)**

### **Directors**

The directors who served the company during the year and up to the date of signing the financial statements are set out below:

M Brown (resigned 13 September 2013)  
J Petherick  
A Birch (resigned 27 May 2014)  
B Ravi Kumar (resigned 28 July 2014)  
D Morgan (resigned 6 December 2013)  
N Richards (appointed 13 January 2014, resigned 28 February 2014)  
G Nienaber (appointed 1 April 2014)  
A Ritchie (appointed 27 May 2014)

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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
- 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 are 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.

# Fazakerley Prison Services Limited

## Directors' report for the year ended 31 March 2014 (continued)

### Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, have signified their willingness to continue in office.

By order of the board,



Semperian Secretariat Services Limited  
Company Secretary

Approved by the Board of Directors on 12 AUG 2014

# **Fazakerley Prison Services Limited**

## **Independent auditors' report to the members of Fazakerley Prison Services Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Fazakerley Prison Services Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Fazakerley Prison Services Limited**

### **Independent auditors' report to the members of Fazakerley Prison Services Limited (*Continued*)**

#### **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.

#### **Other matters on which we are required to report by exception Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Paul Nott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol

Date *19 August 2014*

# Fazakerley Prison Services Limited

## Profit and loss account for the year ended 31 March 2014

	Note	2014 £	2013 £
<b>Turnover</b>		<b>36,744,866</b>	37,666,235
Cost of sales		<u>(32,535,241)</u>	<u>(33,008,426)</u>
<b>Gross profit</b>		<b>4,209,625</b>	4,657,809
Administrative expenses		<u>(817,994)</u>	<u>(739,820)</u>
<b>Operating profit</b>	2	<b>3,391,631</b>	3,917,989
Interest receivable and similar income	3	<b>6,083,235</b>	6,467,057
Interest payable and similar charges	4	<u>(3,842,927)</u>	<u>(4,536,084)</u>
<b>Profit on ordinary activities before taxation</b>		<b>5,631,939</b>	5,848,962
Tax on profit on ordinary activities	5	<u>(525,551)</u>	<u>(1,634,706)</u>
<b>Profit for the financial year</b>	13	<b><u>5,106,388</u></b>	<b><u>4,214,256</u></b>

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom for both the current and the prior year.

There is no difference between the profit for the financial years as shown in the profit and loss account above and their historical cost equivalents.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 10 to 17 form part of these financial statements.

# Fazakerley Prison Services Limited

## Balance sheet as at 31 March 2014

	Note	2014 £	2013 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	8,676,411	8,197,533
Debtors: amounts falling due after more than one year	7	54,496,314	58,611,327
Cash at bank and in hand		11,733,402	6,077,084
		<u>74,906,127</u>	<u>72,885,944</u>
<b>Creditors: amounts falling due within one year</b>	8	<b>(13,439,222)</b>	<b>(10,529,695)</b>
<b>Net current assets</b>		<b><u>61,466,905</u></b>	<b><u>62,356,249</u></b>
<b>Creditors: amounts falling due after more than one year</b>	9	<b>(40,701,370)</b>	<b>(45,290,709)</b>
<b>Provisions for liabilities</b>			
Deferred tax	10	(6,666,834)	(8,073,227)
<b>Net assets</b>		<b><u>14,098,701</u></b>	<b><u>8,992,313</u></b>
<b>Capital and reserves</b>			
Called-up share capital	12	100	100
Profit and loss account	13	14,098,601	8,992,213
<b>Total shareholders' funds</b>	15	<b><u>14,098,701</u></b>	<b><u>8,992,313</u></b>

These financial statements on pages 8 to 17 were approved by the Board of directors on 12 AUG 2014, and are signed on their behalf, on 12 AUG 2014 by:



A Ritchie  
Director

Company Registration Number: 02984969

The notes on pages 10 to 17 form part of these financial statements.

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014

### 1. Accounting policies

#### **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 the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom.

A summary of the company's principal accounting policies, which have been consistently applied, is set out below.

#### **Cash flow statement**

As at 31 March 2014, 100% of the voting rights of the company were controlled by Semperian PPP Investment Partners Holdings Limited. As permitted by Financial Reporting Standard 1 (Revised 1996) 'Cash flow statements', no cash flow statement is included in these financial statements.

#### **Turnover**

Turnover represents the value of work done and services rendered, excluding sales related taxes. All turnover originates in the United Kingdom.

The company recognises income when it has fully fulfilled its contractual obligations. In accordance with Financial Reporting Standard 5 – Reporting the substance of transactions - Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs.

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

Accrued income relates to services in the year for which no sales invoice was raised until after year end.

#### **Dividend policy**

Dividend recognition is in line with Financial Reporting Standard 21 – Events after the Balance Sheet date, such that dividends are recognised when paid.

#### **Deferred taxation**

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.

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. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

# **Fazakerley Prison Services Limited**

## **Notes to the financial statements for the year ended 31 March 2014 (continued)**

### **1. Accounting policies (continued)**

#### **Leased assets**

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

#### **Financial asset - contract debtor**

In accordance with Financial Reporting Standard 5 - Application Note F, the costs incurred in building the asset have been treated as a contract debtor. This treatment arose from applying the guidance within the Application Note which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer.

The amounts receivable (which represents the cost of construction of related assets) are treated as a long-term contract debtor from the commencement of the operating contract, with a constant amount of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the contract debtor is expected to be fully repaid.

#### **Debt issue costs**

Debt issue costs incurred have been offset against the related debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt.

#### **Financial instruments**

The company uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. Financial instruments used to hedge interest rates are valued at cost. Receipts and payments on interest rate instruments are recognised in the profit and loss account on an accruals basis over the economic life of the instrument or underlying position being hedged, within net interest.

#### **Major maintenance replacement**

As noted in the directors' report, the company is ultimately responsible for the on-going major maintenance and replacement expenditure, but the risks associated with this activity are largely passed to the subcontractor. The company recognises an accrual for costs relating to this activity and holds an amount equal to the accrual in a restricted bank account, in line with a contract held with the subcontractor. Restricted cash of £1,711,079 was held at 31 March 2014 (£1,033,361 at 31 March 2013).

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 2. Operating Profit

The company had no employees during the year (year ended 31 March 2013: none). The remuneration of the directors is paid by the controlling parties and their services to the company are primarily of a non-executive nature. The controlling parties charged £nil (year ended 31 March 2013: £nil) to the company in respect of these services.

The audit fee in respect of the company was £8,700 (year ended 31 March 2013: £8,700) for the year. In addition, the company bore £1,500 (year ended 31 March 2013: £1,500) in respect of the audit fee for its immediate parent company during the year which was not recharged. The auditors also received remuneration for tax services totalling £nil (year ended 31 March 2013: £nil).

Operating lease expenditure incurred in respect of land and building leases during the period was £1,000 (year ended 31 March 2013: £1,000).

### 3. Interest receivable and similar income

	2014	2013
	£	£
Bank interest receivable	17,264	48,006
Imputed interest on contract debtor	<u>6,065,971</u>	<u>6,419,051</u>
	<u>6,083,235</u>	<u>6,467,057</u>

Interest is imputed on the contract debtor using a property specific rate of 10.0% (year to 31 March 2013 10.0%).

### 4. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on bank borrowings	719,869	1,049,545
Finance charges	3,004,197	3,018,607
Interest on late payment of Corporation Tax	-	349,040
Commitment fees (WC facility)	11,250	11,281
Amortisation of issue costs	<u>107,611</u>	<u>107,611</u>
	<u>3,842,927</u>	<u>4,536,084</u>

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 5. Tax on profit on ordinary activities

#### (A) Analysis of charge in the year

	2014 £	2013 £
<b>Current tax:</b>		
UK corporation tax based on the results for the year at 23% (2013: 24%)	1,931,944	1,981,483
Prior year adjustment	-	361,524
Total current tax	<u>1,931,944</u>	<u>2,343,007</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(406,368)	(357,291)
Impact of rate change	(1,000,025)	(351,010)
Total deferred tax (note 10)	<u>(1,406,393)</u>	<u>(708,301)</u>
Tax on profit on ordinary activities	<u>525,551</u>	<u>1,634,806</u>

#### (B) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>5,631,939</u>	<u>5,848,962</u>
Profit on ordinary activities by rate of tax	1,295,346	1,403,751
Amortisation of non qualifying expenditure	231,050	218,242
Accelerated capital allowances and other timing differences	406,368	357,291
Prior year adjustment	-	361,524
Permanent differences	(820)	2,199
Total current tax (note 5(a))	<u>1,931,944</u>	<u>2,343,007</u>

The current year corporation tax payable has been reduced by £nil (2013: £1,981,483) in respect of group relief received for nil cash consideration, received in lieu of overpayments for consortium relief made in prior years.

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 5. Tax on profit on ordinary activities (continued)

#### (C) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge.

During the year, as a result of the changes to the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

### 6. Dividends

	2014 £	2013 £
Paid during the year:		
Dividends paid of £nil (2013: £15,666.00) per ordinary share	<u>-</u>	<u>1,566,600</u>

### 7. Debtors

#### Amounts falling due within one year

	2014 £	2013 £
Contract debtor	4,115,013	3,724,961
Corporation tax	-	70,899
Prepayments and accrued income	4,561,398	4,401,673
	<u>8,676,411</u>	<u>8,197,533</u>

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

	2014 £	2013 £
Contract debtor	<u>54,496,314</u>	<u>58,611,327</u>

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 8. Creditors: amounts falling due within one year

	2014	2013
	£	£
Bank loans and overdrafts	4,696,950	4,443,550
Less unamortised issue costs	(107,611)	(107,611)
Trade creditors	3,699,460	3,561,677
Corporation tax	1,931,935	-
VAT payable	417,071	494,463
Accruals and deferred income	2,801,417	2,137,617
	<u>13,439,222</u>	<u>10,529,696</u>

### 9. Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Bank loans and overdrafts	41,032,700	45,729,650
Less unamortised issue costs	(331,330)	(438,941)
	<u>40,701,370</u>	<u>45,290,709</u>

Bank borrowings relate to a term loan facility totalling £90,500,000 granted by a group of banks to the company. The loan facility is for a total value of £90,500,000 of which £90,500,000 was originally drawn down. As at 31 March 2014, £45,729,650 (2013: £50,173,200) remains outstanding. The company has an additional working capital facility of £2,500,000 (31 March 2013: £2,500,000) of which £nil was utilised (31 March 2013: £nil). Loan issue costs have been offset against bank borrowings and are being amortised over the term of the facility as part of the finance cost in accordance with the provisions of Financial Reporting Standard 4 - Capital instruments.

The loan facility is repayable in forty-four six monthly instalments and payment commenced on 15 June 2000. Interest is charged on balances outstanding on the facilities based on the floating LIBOR rate. The company has entered into swap agreements with Mitsubishi UFJ Securities International plc and HBOS Treasury Services plc in order to fix the interest rate at 6.9% (plus margin) applied to those balances on the facility to 15 December 2021. The fair value of these swaps at 31 March 2014 was £9,786,016 out of the money (31 March 2013: £14,301,660 out of the money). The term loan and working capital facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the company and by a floating charge over the company's undertakings and assets.

The bank loan of £4,696,950 due within one year is payable in two instalments. The remaining bank loan of £41,032,700 due after more than one year is payable in fourteen instalments.

### 10. Deferred tax

The movement in the deferred taxation provision during the year was:

	2014	2013
	£	£
Provision brought forward	8,073,227	8,781,528
Credit for the year ended 31 March 2013	(1,406,393)	(708,301)
Provision carried forward	<u>6,666,834</u>	<u>8,073,227</u>

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 10. Deferred tax (Continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Accelerated capital allowances and accelerated finance costs	<u>6,666,834</u>	<u>8,073,227</u>

### 11. Maturity of debt

Creditors include finance capital which is due for repayment as follows:

	2014	2013
	£	£
Amount repayable		
In one year or less	4,696,950	4,443,550
In more than one year but not more than two years	4,950,350	4,696,950
In more than two years but not more than five years	16,570,550	15,701,750
In more than five years	<u>19,511,800</u>	<u>25,330,950</u>
	45,729,650	50,173,200
Unamortised issue costs	<u>(438,941)</u>	<u>(546,552)</u>
	<u>45,290,709</u>	<u>49,626,648</u>

### 12. Called up share capital

Allotted, called up and fully paid:

	2014	2013
	£	£
100 ordinary shares of £1 each (2013: 100)	<u>100</u>	<u>100</u>

### 13. Profit and loss account

	2014	2013
	£	£
Balance brought forward	8,992,213	6,344,557
Profit for the financial year	5,106,388	4,214,256
Dividends paid	-	<u>(1,566,600)</u>
Balance carried forward	<u>14,098,601</u>	<u>8,992,213</u>

### 14. Operating lease commitments

The company has entered into operating leases and has annual commitments under leases for land and buildings of £1,000 (year to 31 March 2013: £1,000) expiring after five years.

# Fazakerley Prison Services Limited

## Notes to the financial statements for the year ended 31 March 2014 (continued)

### 15. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	5,106,388	4,214,256
Dividends paid	-	(1,566,600)
Net addition to shareholders' funds	5,106,388	2,647,656
Opening shareholders' funds	8,992,313	6,344,657
Closing shareholders' funds	<u>14,098,701</u>	<u>8,992,313</u>

### 16. Commitments

Under the terms of the original contract, dated 20 December 1995, with Carillion Construction Limited the company is committed to index linked payments totalling £7,578,000 (1995 index) for major maintenance works over the contract term. Commitments remaining at the balance sheet date index at 31 March 2014 were £10,289,575 (year to 31 March 2013: £10,393,559).

Under the terms of a contract, dated 20 December 1995, the company is committed to pay fixed and variable fees to G4S Care & Justice (UK) Limited, a company related to G4S Joint Ventures Limited, based on the number of available trainee places for the remaining contract term. Charges in the period ended 31 March 2014 were £31,508,944 (year to 31 March 2013: £32,519,421).

### 17. Related party disclosures

As a fully controlled subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under Financial Reporting Standard 8 - Related party disclosures of the requirement to disclose transactions between it and other group companies.

### 18. Immediate and ultimate parent undertaking and controlling party

The company's immediate parent undertaking is G4S Joint Ventures (Fazakerley) Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Semperian PPP Investment Partners Holdings Limited which is registered in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited.

Consolidated financial statements for Semperian PPP Investment Partners Holdings Limited can be obtained from the Company Secretary at St Third floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.