

G4S Utility and Outsourcing Services (UK) Limited

Financial Statements  
Registered number 3076187  
For the year ended 31 December 2013



# **G4S Utility and Outsourcing Services (UK) Limited**

## **Strategic Report for the year ended 31 December 2013**

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# **G4S Utility and Outsourcing Services (UK) Limited**

## **Strategic Report for the year ended 31 December 2013**

The Strategic report is prepared in accordance with The Companies Act 2006 Regulations 2013

### **Principal activities and business review**

G4S Utility and Outsourcing Services (UK) Limited is a Field Services organisation which has a large data handling capability. It is the largest Outsourcing Services provider of its type, providing services predominantly to the Gas and Electric Utility Industry. In recent years the business has diversified its services into non-utility provision but this is usually against the backdrop of utilising core competencies to ultimately provide benefit back to supporting its main business functions.

The business principally provides

- Data Retrieval & Collection Services – Meter Reading, Compliance visits and other Data Collection activity
- Full End to end Smart Metering and Legacy Services including procurement of Metering Assets, Installation, Remote Reading and Maintenance
- Data Processing Services – The largest Industry Flow provider in the UK managing dataflows that ultimately provide Gas and Electric suppliers with the ability to bill

The main market in which G4S Utility and Outsourcing Services (UK) Limited operates is currently in a period of change which has meant that the business has diversified significantly over the past few years. The main change is the advent of Smart Metering which is already in the Industrial and Commercial space, but will imminently (proposed 2015) begin in the residential sector. Smart Metering will reduce the extent of the need for Manual Reading, but this creates a large opportunity to provide Installation and Maintenance Services for the Smart Meters being rolled out.

### **Development in organic turnover growth**

The Company has generated turnover growth of 11.2% in 2013 due mainly to the award of the British Gas National Data Retrieval and Data Services contract with effect from 1 April 2013, but also the continued diversification of the business into wider metering services.

### **Development in EBITA margin**

EBITA margin of 4.2% for the Company, reflects additional infrastructure improvement cost, higher Group central recharges in 2013 and includes a restructuring cost of £792,000. The Company maintains a strong underlying trading performance in a changing market.

### **Business Risks**

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. Many risks are to a greater or lesser extent controllable, but some are not controllable. Through its internal risk management processes, G4S Utility and Outsourcing Services (UK) Limited identifies business-specific risks. It classifies the key risks as those which could materially damage the strategy, reputation, business, profitability or assets of the Company and those risks are noted below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others currently considered immaterial become material.

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Strategic Report for the year ended 31 December 2013**

### **1 Major changes in market dynamics**

Such changes in dynamics could include new technologies, government legislation or customer consolidation and could, particularly if rapid or unpredictable, impact the Company's revenue and profitability

### **2 Onerous contract obligations**

Should the Company commit to sales contracts specifying disadvantageous pricing mechanisms, unachievable service levels or excessive liability it could impact the Company's revenue and profitability

### **3 Poor operational service delivery**

Should the Company fail to meet the operational requirements of its customers it could impact its reputation, contract retention and growth

By actively participating in the risk assessment and control practices of the G4S Plc Group, G4S Utility and Outsourcing Services (UK) Limited has a robust risk assessment and control process in place to identify and mitigate the controllable risks faced by the organisation. Mitigation measures include

#### **1 Management structure**

The Company operates a management structure that is appropriate to the scale and breadth of its activities. Business performance and strategies are reviewed continuously by divisional, regional and group management. Potential issues requiring management attention are, therefore, identified and there is a wide range of expertise available throughout the organisation, which is utilised as necessary to address these issues.

#### **2 Authorisation procedures**

The Company has clear authorisation limits and procedures, which are cascaded throughout the organisation. For example, a contract approval process is in place, under which certain non-standard contracts are reviewed by the group's legal department.

#### **3 Group standards**

Each of the group's businesses applies the systems and procedures appropriate to its size and complexity. However, the group requires that these conform to group standards in respect of matters such as operational and financial controls, industry standards, recruitment and vetting, financial reporting, contract risk management, business continuity planning and project management techniques. Further standards, such as those in respect of IT standards, are applied on a divisional or regional basis.

#### **4 Internal audit**

The Company executes internal audit of its controls and procedures in addition to compliance with the group internal audit review process.

#### **5 Market engagement**

Most of the risks to which the Company is exposed are market risks. So as to better understand and influence the market, the group is committed to a policy of proactive engagement across its geographic range, with customers, industry associations, government regulators and employee representatives.

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Strategic Report for the year ended 31 December 2013**

### **Key performance indicators**

The company utilises a wide range of operational performance measures across its business activities. However, these are all activity or contract specific. The company's directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

By order of the board

A handwritten signature in black ink, appearing to read 'Simon Best', written in a cursive style.

Simon Best  
Director  
12 March 2014

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Directors' report for the year ended 31 December 2013**

The directors submit their report and the audited financial statements G4S Utility and Outsourcing Services (UK) Limited for the year ended 31 December 2013

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 7 A dividend of £7,842,000 has been paid during the year (2012 £6,910,000)

### **Directors**

The directors of the company during the year ended 31 December 2013, and subsequently, were,

S Best

P Neden (appointed 28<sup>th</sup> February, 2013)

M Zuydam (appointed 28<sup>th</sup> February, 2013)

K Challis (resigned 28<sup>th</sup> February, 2013)

S Curl (resigned 28<sup>th</sup> February, 2013)

T McIver (resigned 15<sup>th</sup> November, 2013)

### **Payment to suppliers**

The policy of payment of suppliers of the company is disclosed in the Financial Review in the consolidated financial statements of G4S Regional Management (UK&I) Limited which are publicly available (see note 23)

### **Disabled persons**

It is the policy of the company to give fair consideration to applications for employment made by disabled persons acknowledging the particular abilities and aptitudes of each applicant and taking into account the requirements of the vacancies available The company has been assessed and approved to use the Positive about Disabled People logo on its recruitment advertisements in the UK, where the company is also a member of the Employers Forum on Disability, to raise awareness in the organisation of the importance of giving assistance to disabled persons in employment

In the event of a member of staff becoming disabled, every effort is made via the Company's Occupational Health Adviser to ensure that their employment with the company continues and that appropriate help is given to assist the member of staff

It is the policy of the company to ensure that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer any disability

### **Employee involvement**

The company is committed to inform and involve its staff in the business of the company Formal consultative committees exist to ensure that issues of mutual interest can be discussed and resolved Company newsletters, employee magazines and other communications are used to keep staff informed of events within the company

### **Charitable and political contributions**

Payments made for charitable purposes by the company during the year ended 31 December 2013 amounted to £24,866 (2012 £26,652) There were no political donations made by the company in either the current or prior year

### **Environment**

The company's business is not one that has a significant direct impact on the environment However, the company recognises the importance of its responsibilities to reduce environmental impact in such areas as

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Directors' report for the year ended 31 December 2013**

energy usage, recycling, environmentally-friendly products and paper products, where it operates in accordance with the policies of G4S Plc as detailed in the group's Annual Report

### **Statement of directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report and the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under the law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of such information.

### **Auditor**

A resolution to reappoint KPMG Audit Plc as auditors to the company will be proposed at the forthcoming annual general meeting in accordance with section 485 of the Companies Act 2006.

By order of the board



S Best  
Director  
12 March 2014

## **Independent auditor's report to the members of G4S Utility and Outsourcing Services (UK) Limited**

We have audited the financial statements of G4S Utility and Outsourcing Services (UK) Limited for the year ended 31 December 2013 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body in accordance with Chapter 3 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 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 company's members, as a body, for our audit work, for this report, or the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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.

### **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 web-site 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 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 the Directors' 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.



Jonathan Downer (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London

20 March 2014

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# G4S Utility and Outsourcing Services (UK) Limited

## Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	117,401	105,569
Cost of sales		(95,204)	(79,878)
<b>Gross profit</b>		<b>22,197</b>	<b>25,691</b>
Administrative expenses		(17,554)	(15,178)
<b>Operating profit</b>	3	<b>4,643</b>	<b>10,513</b>
Interest payable and similar charges	5	(51)	(105)
Interest receivable and similar income	5	158	123
<b>Profit on ordinary activities before taxation</b>		<b>4,750</b>	<b>10,531</b>
Tax on profit on ordinary activities	6	(1,252)	(2,688)
<b>Profit for the financial year</b>	16	<b>3,498</b>	<b>7,843</b>

The notes on page 9 to 20 form part of these financial statements

All the above activities relate to continuing operations

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

There is no difference between the profit for the financial year and the total recognised gains and losses relating to the year, and therefore no separate statement of total recognised gains and losses has been presented

# G4S Utility and Outsourcing Services (UK) Limited

## Balance Sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible assets	7	240	559
Tangible assets	8	5,968	5,039
		<b>6,208</b>	<b>5,598</b>
<b>Current assets</b>			
Stock	9	1,249	3,575
Debtors amounts falling due within one year	10	23,191	29,250
Debtors amounts falling due after more than one year	11	955	372
Cash at bank and in hand		5,099	5,592
		<b>30,494</b>	<b>38,789</b>
<b>Current liabilities</b>			
Creditors amounts falling due within one year	13	(25,515)	(30,641)
Provision for liabilities	14	(1,785)	-
		<b>(27,300)</b>	<b>(30,641)</b>
<b>Net current assets</b>		<b>3,194</b>	<b>8,148</b>
<b>Total assets less current liabilities</b>		<b>9,402</b>	<b>13,746</b>
<b>Net assets</b>		<b>9,402</b>	<b>13,746</b>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Capital contribution reserve	16	28	28
Profit and loss reserve	16	9,274	13,618
<b>Net shareholders' funds</b>	17	<b>9,402</b>	<b>13,746</b>
<b>Capital employed</b>	17	<b>9,402</b>	<b>13,746</b>

The notes on pages 9 to 20 form part of these financial statements

The financial statements were approved by the Board of Directors on 12 March 2014 and were signed on its behalf by



S Best  
Director  
Company Registered Number 03076187

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **1 Accounting Policies**

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

#### **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 applicable UK Accounting Standards and the Companies Act 2006

#### **Going Concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

#### **Related party disclosures and cash flow statements**

G4S Utility and Outsourcing Services (UK) Limited is a wholly owned subsidiary of G4S Government and Outsourcing UK Limited, whose immediate parent undertaking is G4S Regional Management (UK&I) Limited, which is the parent undertaking of the smallest group to consolidate these financial statements

The ultimate parent undertaking is G4S Plc, a company incorporated in the United Kingdom, which is the parent undertaking of the largest group for which consolidated financial statements are available, copies of which can be obtained from the Company Secretary, The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN. Consequently, G4S Utility and Outsourcing Services (UK) Limited have taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1. The company is also exempt under the revised terms of FRS8 from disclosing related party transactions with wholly owned subsidiaries that are part of the G4S Plc group (see note 20)

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised in the month in which the services have been provided

#### **Share based payments**

G4S Utility and Outsourcing Services (UK) Limited has applied the optional transitional exemptions in FRS 20 Share-based Payment and implemented its requirements for grants of equity instruments made after 7 November 2002 which had not vested by 1 January 2006

G4S Plc issues equity-settled share based payments to certain employees of G4S Utility and Outsourcing Services (UK) Limited. The fair value of share-based payments is determined at the date of the grant and expensed with a corresponding increase in equity on a straight-line basis over the vesting period, based on the estimate of the shares that will eventually vest, in accordance with the UITF 44 'Group and Treasury Share Transactions'. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions

The fair value of share-based payments granted in the form of options is measured by the use of the Black-Scholes valuation technique, adjusted for future dividend receipts and for any market-related performance conditions

#### **Stock**

Stock is stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the stock to its present location and condition

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **Taxation**

The charge for taxation is based on the profit or loss for the year and takes in account deferred tax

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis

### **Tangible fixed assets and depreciation**

Tangible fixed assets are shown at depreciated historical cost except for freehold land and buildings which are included at depreciated revalued amount adjusted for subsequent additions. Freehold land and buildings are revalued every 5 years by independent professional valuers on the basis of open market value for existing use. An interim valuation is carried out in the third year after a full valuation by qualified valuers who may be either internal or external. Depreciation is calculated to recognise the consumption of the economic benefits of tangible fixed assets over their economic lives. Depreciation is calculated on a straight-line basis to write off cost less any residual value and the principal rates are as follows

Short leasehold property	over the period of lease
Plant and equipment	10% to 33%

### **Impairment of fixed assets**

If a triggering event occurs, the directors carry out an impairment review by comparing the carrying value of the asset to the present value of the estimated future cash flows generated by that asset. Impairment losses are recognised in the year in which these are identified in accordance with FRS 11

### **Leased assets**

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term or fair value, whichever is lower. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term

### **Intangible fixed assets and amortisation**

Intangible fixed assets purchased separately from a business are capitalised at their cost

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably

Concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **Pensions and other post retirement benefits**

The company is a member of the G4S Regional Management (UK&I) Limited pension scheme. G4S Regional Management (UK&I) Limited principally operates one funded defined benefits schemes and one defined contribution scheme. The assets of the schemes are held separately from those of the company in self-administered funds.

The defined benefit scheme, in which the company participates, closed to further service accrual in July 2011. The contributions paid by the company were accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities of the scheme.

The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

### **Dividends**

Dividends are recognised as distributions to equity holders in the period in which they are paid. Dividends proposed or declared but not paid are not recognised but are disclosed in the notes to the financial statements.

### **Foreign currency transactions**

Monetary assets and liabilities denominated in foreign currencies, including those of subsidiary, associated and joint venture undertakings are translated to sterling at the exchange rates ruling at the balance sheet date. The results of foreign subsidiary and associated undertakings are translated to sterling using average exchange rates. Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction unless related or matching forward foreign exchange contracts have been entered into when the rate specified in the contract is used. Differences on exchange arising from the re-translation of the opening net assets of overseas operations and the re-translation of the retained earnings of overseas operations from average to closing rates of exchange are taken to reserves and, where the net investments are hedged are matched with differences arising on the translation of related foreign currency borrowings. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

### **New UK GAAP framework**

FRS 100, 101 and 102 form the new framework for UK GAAP. FRS 100 sets out the application of financial reporting requirements in the UK and Republic of Ireland and FRS 101 'IFRS with reduced disclosures' outlines the reduced disclosure framework available for use by qualifying entities choosing to report under IFRS. FRS 102 is applicable in the UK and Republic of Ireland and is known as 'new UK GAAP'. The mandatory effective date for the new framework of reporting is for accounting periods beginning on or after 1 January 2015. The Company will apply either FRS 101 ('IFRS with reduced disclosures') or FRS 102 ('new UK GAAP'). A full analysis is currently being undertaken to identify the most appropriate option.

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

### 2 Segmental Reporting

Turnover arose from the Company's principal activities originated solely in the United Kingdom on the provision of meter reading, installing smart meters and data processing services

### 3 Operating profit

This operating profit is stated after charging

	2013 £'000	2012 £'000
Depreciation of tangible fixed assets (note 8)		
- Owned assets	2,143	1,686
Loss on disposal of fixed assets	-	-
Amortisation of Intangible Asset (note 7)	319	239
Operating lease rental		
- Land & building	698	247
- Other	1,872	3,456
Services provided by the company's auditor		
Auditor's remuneration for audit services	51	62

### 4 Employees

	2013 £'000	2012 £'000
Staff costs (including directors)		
Wages and salaries	43,809	39,304
Social security costs	3,877	3,342
Other pension costs (see note 18)	1,070	1,353
	48,756	43,999

	2013 Number	2012 Number
Average number of employees (including directors)		
Direct	2,005	1,933
Indirect and administration	143	157
	2,148	2,090

	2013 £'000	2012 £'000
Directors' emoluments		
Aggregate emoluments	930	1,207

The number of directors with pension benefits accruing under a defined benefit scheme was 0 (2012 0) Effective from July 2011 the defined benefit scheme has ceased

	2013 £'000	2012 £'000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	528	376

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

5	Interest	2013	2012
		£'000	£'000
<b>Interest payable and similar charges:</b>			
	Exchange (loss)	(18)	(89)
	Bank loans and overdrafts	-	-
	Other interest payable	(33)	(16)
		(51)	(105)
<b>Interest receivable and similar income:</b>			
	Interest receivable from group undertakings (members of G4S Plc group)	158	123
		158	123
6	Tax on profit on ordinary activities	2013	2012
		£'000	£'000
<b>Analysis of tax charge for the year</b>			
<b>Current tax</b>			
	UK corporation tax on profit for the year	1,184	2,705
	Adjustments in respect of previous years	651	(17)
	<b>Total current tax</b>	<b>1,835</b>	<b>2,688</b>
<b>Deferred tax</b>			
	Origination and reversal of timing differences	279	157
	Adjustments in respect of previous years	(862)	(157)
	<b>Total deferred tax (note 12)</b>	<b>( 583)</b>	<b>-</b>
	<b>Tax on profit on ordinary activities</b>	<b>1,252</b>	<b>2,688</b>
The tax for 2013 is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%) and the differences are explained below			
		2013	2012
		£'000	£'000
	<b>Profit on ordinary activities before taxation</b>	<b>4,750</b>	<b>10,531</b>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	1,104	2,580
<b>Effects of</b>			
	Adjustments in respect of prior years	651	(17)
	Permanent differences	6	13
	Capital allowances for the period in excess of depreciation	74	112
	<b>Current tax charge for the year</b>	<b>1,835</b>	<b>2,688</b>

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

7	Intangible Fixed Assets	Purchased contracts and licenses	Total
		2013 £'000	£'000
<b>Cost</b>			
	At beginning of year	799	799
	Additions	-	-
	<b>At 31 December 2013</b>	<b>799</b>	<b>799</b>
<b>Accumulated amortisation</b>			
	At beginning of year	240	240
	Charge for the year	319	319
	<b>At 31 December 2013</b>	<b>559</b>	<b>559</b>
	<b>Net book amount at 31 December 2013</b>	<b>240</b>	<b>240</b>
	Net book amount at 31 December 2012	559	559

On the 29<sup>th</sup> March 2012, the Company acquired 2 contracts - automatic meter reading and pedestrian meter reading, for the consideration of £799,072



# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

### 8 Tangible assets

	Short leasehold land and buildings £'000	Plant and equipment £'000	Assets under Construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 2013	852	13,242	870	14,964
Transfer to other group party	-	(49)	-	(49)
Additions	-	2,840	243	3,083
Transfer of asset category	-	706	(706)	-
Disposals	-	(974)	(124)	(1,098)
<b>At 31 December 2013</b>	<b>852</b>	<b>15,765</b>	<b>283</b>	<b>16,900</b>
<b>Accumulated depreciation</b>				
At 1 January 2013	340	9,585	-	9,925
Transfer to other group party	-	(38)	-	(38)
Charge for the year	87	2,056	-	2,143
Transfer of asset category	-	-	-	-
Disposal	-	(1,098)	-	(1,098)
<b>At 31 December 2013</b>	<b>427</b>	<b>10,505</b>	<b>-</b>	<b>10,932</b>
<b>Net book amount</b>				
<b>At 31 December 2013</b>	<b>425</b>	<b>5,260</b>	<b>283</b>	<b>5,968</b>
At 31 December 2012	512	3,657	870	5,039

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

### 9 Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	-	-
Finished goods and goods for resale	1,249	3,575
	<u>1,249</u>	<u>3,575</u>

There are no material differences between the replacement cost of stock and the balance sheet amount

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

	2013 £'000	2012 £'000
Trade debtors	9,188	7,667
Amounts receivable from group undertakings (members of G4S Plc group)	9,346	17,273
Other debtors	124	12
Prepayments and accrued income	4,533	4,298
	<u>23,191</u>	<u>29,250</u>

£8,635,270 of the amounts receivable from group undertakings relates to loans which are repayable on 15 December 2014. Interest will be earned on these loans at a rate of Libor plus a margin of 1.5%. The residual balance is trading in nature and attracts no interest.

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

	2013 £'000	2012 £'000
Deferred tax asset (note 12)	955	372
	<u>955</u>	<u>372</u>

### 12 Deferred tax

	2013 £'000	2012 £'000
Accelerated capital allowances	843	372
Other timing differences	112	-
<b>Deferred tax asset</b>	<u>955</u>	<u>372</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January 2013	372	372
Deferred tax charge in profit and loss account (note 6)	583	-
<b>At 31 December 2013</b>	<u>955</u>	<u>372</u>

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% and 21% substantively enacted at the balance sheet date.

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

### 13 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	5,511	6,499
Amounts owed to group undertakings (members of G4S Plc group)	9,064	9,166
Other taxation and social security	3,745	3,898
Other creditors	61	19
Accruals and deferred income	7,134	11,059
	<b>25,515</b>	<b>30,641</b>

Amounts owed to group undertakings are interest free and repayable on demand

### 14 Provision for liabilities

	Penalty provision £'000	Vehicle provision £'000	Total £'000
At 1 <sup>st</sup> January 2013	-	-	-
Charge to the Profit and Loss for the year	1,222	563	1,785
<b>At 31<sup>st</sup> December 2013</b>	<b>1,222</b>	<b>563</b>	<b>1,785</b>

The penalty provision relates to provision for contractual under performance and consecutive read performance targets. The penalty provision is made when a contractual under performance occurs, usually on a monthly or quarterly basis. This is normally resolved in the following month of the penalty provision being made. The vehicle provision is a rolling provision which relates to end of contract wear and tear. Invoices for the wear and tear charge will go against this provision.

### 15 Called up share capital

	2013 £	2012 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<b>100,000</b>	<b>100,000</b>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<b>100,000</b>	<b>100,000</b>

### 16 Reserves

	Capital contribution reserve £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2013	28	13,618	13,646
Profit for the financial year	-	3,498	3,498
Dividends	-	(7,842)	(7,842)
<b>At 31 December 2013</b>	<b>28</b>	<b>9,274</b>	<b>9,302</b>

# G4S Utility and Outsourcing Services (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

G4S Plc has two types of equity-settled, share-based payment schemes in place (1) share options previously held by employees over Securicor Plc shares and rolled over to G4S Plc shares with the acquisition of that business on 19 July 2004, and (2) conditional allocations of G4S Plc shares

### 17 Reconciliation of movement in total shareholders' funds

	2013 £'000	2012 £'000
Profit for the financial year	3,498	7,843
Dividends	(7,842)	(6,910)
Decrease in total shareholders' funds	(4,344)	933
Opening total shareholders' funds	13,746	12,813
Closing total shareholders' funds	9,402	13,746

### 18 Pension arrangements

The company participates in a group funded defined benefit scheme operated by G4S Regional Management (UK&I) in the United Kingdom. This scheme was closed to further service accrual in July 2011. As at December 2013, the actuarial surplus relating to this defined benefit scheme was £31,410,000 (2012 surplus £37,810,000). Full FRS17 disclosures are provided in the consolidated financial statements of G4S Regional Management (UK&I) Limited.

The pension cost charge for the period represents contributions payable by the company to the schemes and amounted to £1,070,000 (2012 £1,353,000). As at 31 December 2013 contributions amounting to £8,346 were outstanding (2012 £6,966).

### 19 Operating lease commitments

The company has entered into non-cancelling operating leases and has annual commitments under leases expiring as follows:

	2013		2012	
	Land & Buildings £'000	Other £'000	Land & buildings £'000	Other £'000
Within one year	34	941	-	1,051
Between two and five years	664	931	-	430
After five years	-	-	493	-
	698	1,872	493	1,481

### 20 Related party transactions

The company is exempt under the revised terms of FRS 8 from disclosing related party transactions with wholly owned subsidiaries that are part of the G4S Plc group (see note 23). The company has not other related party transactions.

# **G4S Utility and Outsourcing Services (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **21 Capital commitments**

The company has £nil capital commitments as at 31 December 2013 (2012 £nil)

### **22 Contingent Liabilities**

The company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a cash pooling arrangement with The Royal Bank of Scotland

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. The liability of the UK group registration at 31 December 2013 totaled £9,501,408 (2012 £15,070,425)

### **23 Ultimate parent undertaking**

The company is a wholly owned subsidiary of G4S Government and Outsourcing Services (UK) Limited, a company incorporated in the United Kingdom, which is a wholly owned subsidiary of G4S Regional Management (UK&I) Limited, a company incorporated in the United Kingdom, which prepares consolidated financial statements. This is the smallest group for which consolidated financial statements are available. Copies of which can be obtained from the company secretary at Southside, 105 Victoria Street, London SW1E 6QT

The ultimate parent company is G4S Plc, a company incorporated in the United Kingdom, which is the parent undertaking of the largest group for which consolidated financial statements are available, copies of which can be obtained from the Company Secretary, The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN