

Pucklechurch Custodial Services Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2011

Registered Number 3403669

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Pucklechurch Custodial Services Limited

Financial Statements

Year ended 31 December 2011

Contents	Page
Company information	1
The directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report to the members	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

Pucklechurch Custodial Services Limited

Company Information

The board of directors

Nigel Middleton
Mattias Reicherter (Resigned 30 September 2011)
Graham Baldock
Thomas Haga (Appointed 1 October 2011)

Company secretary

Infrastructure Managers Limited

Registered office

Fifth Floor
100 Wood Street
London
EC2V 7EX

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
PO Box 90
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Pucklechurch Custodial Services Limited

The Directors' Report

Year ended 31 December 2011

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2011

Principal Activities and Business Review

The Company's principal activity is the design, construction, management and finance of HMP & YO1 Ashfield at Pucklechurch

Results and Dividends

The profit for the year, after taxation, amounted to £984,000 Particulars of dividends paid are detailed in note 8 to the financial statements

The profit for the year will be transferred to reserves

The Directors consider the results for the year to be satisfactory and are confident that 2012 will be another successful year

Key performance indicators

The performance of the Company from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider The key indicator being the debt service cover ratio The Company has been performing well and has been compliant with the covenants laid out in the loan agreement

Financial Instruments

The Company's long term funding structure is based on a loan issued by another group company, Premier Custodial Finance Limited The repayment of this loan is based on an agreed repayment profile

Directors

The directors who served the Company during the year and up to the date of this report are listed on page 1

Pucklechurch Custodial Services Limited

The Directors' Report *(continued)*

Year ended 31 December 2011

Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
Fifth Floor
100 Wood Street
London
EC2V 7EX

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'S. D. K.', with a long horizontal flourish extending to the right.

Infrastructure Managers Limited
Company Secretary

Approved by the directors on 03 May 2012

Pucklechurch Custodial Services Limited

Statement of Directors' Responsibilities

Year ended 31 December 2011

The directors are responsible for preparing the Annual 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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2011. 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,
- 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 proper accounting records that 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.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

The Directors' responsibilities were approved by the board on 03 May 2012 and signed on its behalf by


Thomas Haga

Pucklechurch Custodial Services Limited

Independent Auditor's Report to the Members of Pucklechurch Custodial Services Limited

We have audited the financial statements of Pucklechurch Custodial Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related notes. 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).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the Annual Report and Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Pucklechurch Custodial Services Limited

Independent Auditor's Report to the Members of Pucklechurch Custodial Services Limited *(continued)*

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

Martin Cowie

Martin Cowie (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

3 May 2011

Pucklechurch Custodial Services Limited

Profit and Loss Account

Year ended 31 December 2011

	Note	2011 £000	2010 £000
Turnover	2	21,286	20,852
Cost of sales		<u>(21,286)</u>	<u>(20,852)</u>
Gross Profit		—	—
Administrative expenses		<u>(9)</u>	<u>(15)</u>
Operating Loss		(9)	(15)
Interest receivable	5	2,506	2,707
Interest payable and similar charges	6	<u>(1,348)</u>	<u>(1,538)</u>
Profit on Ordinary Activities Before Taxation		1,149	1,154
Tax on profit on ordinary activities	7	<u>(165)</u>	<u>(483)</u>
Profit for the Financial Year		<u>984</u>	<u>671</u>

All of the activities of the Company are classed as continuing

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 15 form part of these financial statements

Pucklechurch Custodial Services Limited

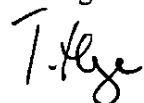
Balance Sheet

As at 31 December 2011

	Note	2011 £000	2010 £000
Current Assets			
Debtors due within one year	9	4,898	5,087
Debtors due after one year	9	19,364	21,943
Cash at bank		2,696	1,823
		<u>26,958</u>	<u>28,853</u>
Creditors: Amounts falling due within one year	10	(5,343)	(4,921)
Net Current Assets		<u>21,615</u>	<u>23,932</u>
Total Assets Less Current Liabilities		<u>21,615</u>	<u>23,932</u>
Creditors: Amounts falling due after more than one year	11	(12,847)	(15,398)
		<u>8,768</u>	<u>8,534</u>
Provisions for Liabilities			
Deferred taxation	13	(2,476)	(2,915)
Net assets		<u>6,292</u>	<u>5,619</u>
Capital and Reserves			
Share capital	14	200	200
Profit and loss account	15	6,092	5,419
Equity Shareholders' Funds	16	<u>6,292</u>	<u>5,619</u>

These financial statements on pages 7 to 15 were approved by the directors and authorised for issue on 03 May 2012, and are signed on their behalf by

Thomas Haga



Company Registration Number 3403669

The notes on pages 9 to 15 form part of these financial statements

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The company is a subsidiary of BIIF Holdco Limited and is included in the consolidated financial statements of BIIF Holdco Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1.

Turnover

Turnover represents net sales of goods and services to third parties. All turnover is derived from the management of HMP & YO1 Ashfield in the United Kingdom.

Deferred taxation

Deferred tax is provided, using the incremental liability method, on timing differences that have originated but not reversed at the balance sheet date where the transactions or events that give rise to an obligation to pay more or less tax in the future have occurred by the balance sheet date. A deferred tax asset is recognised only when it is considered more likely than not that it will be recovered. 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 in force at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

1 Accounting policies (*continued*)

Accounting for PFI contracts

The unitary charge is the turnover of the Company which is received from the provision of a PFI asset to the customer and is received over the life of the concession period. As the unitary charge is separable, the provisions of SSAP 21 (lease accounting) have been applied. In this case the property element is treated as an amount recoverable on PFI contracts representing the discounted expected future unitary charge receipts from the relevant project for the property.

Amounts recoverable on PFI contracts

Management service income is allocated between turnover and reimbursement of amounts recoverable on PFI contracts so as to generate a constant rate of return in respect of the amounts recoverable on PFI contracts over the life of the contract. Turnover represents the income allocated to the services provided as part of the overall project.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below.

	2011 £000	2010 £000
United Kingdom	<u>21,286</u>	<u>20,852</u>

3 Auditors' remuneration

Auditors' remuneration for the audit of the annual accounts was £7,000 (2010 £7,000).

4 Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2010 £nil). There were no employees in the financial year other than the directors (2010 nil).

5 Interest receivable

	2011 £000	2010 £000
Bank interest receivable	29	21
Interest receivable from Amounts recoverable on PFI contracts	2,469	2,686
HMRC interest receivable	8	—
	<u>2,506</u>	<u>2,707</u>

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

6 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable to Group companies	<u>1,348</u>	<u>1,538</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £000	2010 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 26.49% (2010 - 28%)	750	790
Over/under provision in prior year	<u>(146)</u>	<u>-</u>
Total current tax	<u>604</u>	<u>790</u>
Deferred tax		
Origination and reversal of timing differences	<u>(439)</u>	<u>(307)</u>
Tax on profit on ordinary activities	<u>165</u>	<u>483</u>

During the year, as a result of the change in the UK main corporation tax rate from 26% to 25% that was substantively enacted on 5 July 2011 and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured. This change has reduced the deferred tax balance at the balance sheet date, and so has increased profit in the year, by £99,000.

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.49% (2010 - 28%).

	2011 £000	2010 £000
Profit on ordinary activities before taxation	<u>1,149</u>	<u>1,154</u>
Profit on ordinary activities by rate of tax	304	323
Expenses not deductible for tax purposes	292	268
Capital allowances for period in excess of depreciation	237	199
Tax chargeable at lower rates	(83)	-
Adjustments to tax charge in respect of previous periods	<u>(146)</u>	<u>-</u>
Total current tax (note 7(a))	<u>604</u>	<u>790</u>

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

7 Taxation on ordinary activities (*continued*)

(c) Factors that may affect future tax charges

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. These changes had not been substantively enacted at the balance sheet and therefore are not recognised in these financial statements. Firstly, a change in the rate to 24% with effect from 1 April 2012 was substantively enacted on 26 March 2012. The effect of this change, if it applied to the deferred tax balance at 31 December 2011, would be to reduce the deferred tax balance by £99,000.

Secondly, further changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. The overall effect of the further changes from 24% to 22%, if these applied to the deferred tax balance at 31 December 2011, would be to reduce the deferred tax balance by £198,000.

8 Dividends

Equity dividends

	2011 £000	2010 £000
Paid during the year		
Interim dividend of £1.55 (2010: £0.93) per ordinary share	<u>311</u>	<u>185</u>

9 Debtors

	2011 £000	2010 £000
Trade debtors	21	2,570
Corporation tax repayable	—	227
Amounts recoverable on PFI contracts	21,943	24,187
Prepayments and accrued income	<u>2,298</u>	<u>46</u>
	<u>24,262</u>	<u>27,030</u>

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

9 Debtors *(continued)*

The debtors above include the following amounts falling due after more than one year

	2011	2010
	£000	£000
Amounts recoverable on PFI contracts	<u>19,364</u>	<u>21,943</u>

Amounts Recoverable on PFI contracts

The movement is analysed as follows

	2011	2010
	£000	£000
Balance as at 1 January	24,187	26,144
Repayments received	(2,244)	(1,957)
Balance at 31 December	<u>21,943</u>	<u>24,187</u>

10 Creditors: Amounts falling due within one year

	2011	2010
	£000	£000
Loans from group undertakings	2,265	2,216
Amount owed to group relief	750	668
Trade creditors	–	1,495
Amounts owed to group undertakings	267	313
Other taxation	152	173
Accruals and deferred income	1,909	56
	<u>5,343</u>	<u>4,921</u>

The amounts due to group undertaking are trading balances, are not interest bearing and are repayable on demand

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

11 Creditors: Amounts falling due after more than one year

	2011 £000	2010 £000
Loans from group undertakings	12,847	15,398

The amounts owed to group undertakings consists of Senior debt £13,155,000 (2010 £15,299,000), Subordinated debt £1,957,000 (2010 £2,315,000)

The Senior debt (due to Premier Custodial Finance Limited) is secured by a fixed and floating charge over the Company's property and assets. The Senior debt, which bears interest at the rate of 7.88% per annum until 30 September 2002 and at the rate of 7.78% per annum thereafter, is repayable in 32, six monthly instalments. Repayments commenced in September 2000 with the final instalment due on 31 March 2016.

The Subordinated debt (due to Premier Custodial Investments Limited) is secured by a subordinated fixed and floating charge over the Company's property and assets. The Subordinated loans are interest bearing at the rate of 13% per annum, and have an ultimate repayment date of 31 March 2016.

12 Creditors - capital instruments

Creditors include loans which is due for repayment as follows

	2011 £000	2010 £000
Amounts repayable		
In one year or less or on demand	2,265	2,216
In more than one year but not more than two years	2,615	2,399
In more than two years but not more than five years	10,232	8,260
In more than five years	—	4,739
	15,112	17,614

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2011 £000	2010 £000
Provision brought forward	2,915	3,222
Profit and loss account movement arising during the year	(439)	(307)
Provision carried forward	2,476	2,915

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

	2011 £000	2010 £000
Excess of taxation allowances over depreciation on fixed assets	2,476	2,915
	2,476	2,915

Pucklechurch Custodial Services Limited

Notes to the Financial Statements

Year ended 31 December 2011

14 Share capital

Authorised share capital:

	2011	2010
	£000	£000
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£000	No	£000
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200</u>	<u>200,000</u>	<u>200</u>

15 Profit and loss account

	2011	2010
	£000	£000
Balance brought forward	5,419	4,934
Profit for the financial year	984	671
Equity dividends	(311)	(186)
Balance carried forward	<u>6,092</u>	<u>5,419</u>

16 Reconciliation of movements in shareholders' funds

	2011	2010
	£000	£000
Profit for the financial year	984	671
Equity dividends	(311)	(186)
Net addition to shareholders' funds	<u>673</u>	<u>485</u>
Opening shareholders' funds	5,619	5,134
Closing shareholders' funds	<u>6,292</u>	<u>5,619</u>

17 Related party disclosures

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required

Disclosure of related party transactions that the Directors have with the group which is consolidated at BIIF Holdco Limited are included in the accounts of that entity

18 Ultimate parent company

The immediate parent company is Premier Custodial Investments Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP
Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control