

**Harmondsworth Detention Services Limited**

**Directors' report and financial  
statements**

Registered number 04054452

Year ended 31 August 2005



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COMPANIES HOUSE 30/06/2006

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2005.

### Principal activities

The principal activity of the company is the design, build and operation of the Immigration Removal Centre at Harmondsworth, for which purpose it entered into contracts on 10 October 2000. This facility opened for operation on 27 September 2001.

### Business review

Following a disturbance in the summer of 2004, the Centre was fully reinstated and returned to full operations. Whilst the operations were satisfactory, the challenge to self audit to much higher standards than previously required led to a contractual disagreement with the Authority. A process to clarify and settle this issue is now underway.

### Proposed dividend

The loss for the financial year amounted to £179. (2004: £2,734 profit). The directors do not recommend the payment of a dividend (2004: £nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

H Nahapiet

M Priday

J Vyse

Since the year end, Mr S.A. Carter was appointed as a Director on 5 October 2005 and Mr A. L. Leech was appointed as a Director on 17 January 2006.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. In accordance with Statutory Instrument 802, 1985, no disclosure of interests in the share capital of the ultimate holding company, Sodexho Alliance S.A. is required, because that company is not incorporated in Great Britain.

### Political and charitable contributions

The company made no political contributions during the year, (2004: £nil). Donations to UK charities amounted to £nil (2004: £nil).

### Auditors

In accordance with s385 of the Companies Act 1985, a resolution to re-appoint KPMG LLP will be proposed at the forthcoming annual general meeting.

By order of the board



T Bradbury  
Secretary

Registered Office  
Interserve House, Ruscombe Park  
Twyford, Reading  
Berkshire RG10 9JU  
29 June 2006

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.



## KPMG LLP

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### **Independent auditors' report to the members of Harmondsworth Detention Services Limited**

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Registered Auditor

29 June 2006

**Profit and loss account**  
*for the year ended 31 August 2005*

	<i>Note</i>	<b>2005</b> £	<b>2004</b> £
<b>Turnover</b>	2	<b>13,221,033</b>	27,821,871
<b>Cost of sales</b>	3	<b>(13,221,033)</b>	(27,821,871)
<b>Gross profit / (loss)</b>		-	-
Administrative expenses		(4,238)	(7,906)
<b>Operating profit / (loss)</b>		<b>(4,238)</b>	(7,906)
Other interest receivable and similar income	6	4,419	12,245
Interest payable and similar charges	7	(360)	(434)
<b>(Loss) / profit on ordinary activities before taxation</b>	8	<b>(179)</b>	3,905
Tax on (loss) / profit on ordinary activities	9	-	(1,171)
<b>Retained (loss) / profit for the financial year</b>		<b>(179)</b>	2,734

All results arise from continuing activities.

The company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been prepared.

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

**Balance sheet**  
*at 31 August 2005*

	<i>Note</i>	<b>2005</b> £	<b>2004</b> £
<b>Current assets</b>			
Debtors	10	1,994,870	1,570,498
Cash at bank and in hand		136,988	51,220
		<hr/>	<hr/>
		2,131,858	1,621,718
<b>Creditors: amounts falling due within one year</b>	11	(2,091,863)	(1,581,544)
		<hr/>	<hr/>
<b>Net current assets</b>		39,995	40,174
		<hr/>	<hr/>
<b>Net assets</b>		39,995	40,174
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account		39,895	40,074
		<hr/>	<hr/>
<b>Equity Shareholders' funds</b>	13	39,995	40,174
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 June 2006 and were signed on its behalf by:

  
**H Nahapiet**  
 Director

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### ***Turnover***

Turnover is recognised based on the amount receivable in respect of construction and operation of the immigration centre, net of discounts and allowances payable under contractual arrangements, and excluding VAT.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

## Notes (continued)

### 2 Turnover

Turnover represents amounts invoiced for services in the United Kingdom for the construction and operation of the immigration removal centre as follows:

	2005 £	2004 £
<i>By activity</i>		
Construction	493,797	10,978,096
Operations	12,727,236	16,843,775
	<u>13,221,033</u>	<u>27,821,871</u>

### 3 Cost of sales

	2005 £	2004 £
Other operating charges	13,221,033	27,821,871
	<u>13,221,033</u>	<u>27,821,871</u>

### 4 Directors' emoluments

No directors received emoluments for their services to the company (2004: £nil).

### 5 Employee information

No staff was employed by the company during the current or previous financial year.

### 6 Interest receivable

	2005 £	2004 £
Interest receivable on bank deposits	4,419	12,245
	<u>4,419</u>	<u>12,245</u>

## Notes (continued)

### 7 Interest payable and similar charges

	2005 £	2004 £
Bank charges	360	434

### 8 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Operating loss is stated after charging:</i>		
Auditors' remuneration:		
Incumbents		
-Audit services	2,399	4,318
-Non audit services	-	-

### 9 Taxation

#### Analysis of charge in period

	2005 £	2004 £
Current tax:		
UK corporation tax at 30%	-	1,171
	-	1,171
Deferred tax	-	-
Tax on profit on ordinary activities	-	1,171

## Notes (continued)

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

The current tax charge for the period is lower (2004: equal to) than the standard rate of corporation tax in the UK at 30% (2004: 30 %). The differences are explained below.

	2005 £	2004 £
(Loss) / profit on ordinary activities before tax	(179)	3,905
(Loss) / profit on ordinary activities multiplied by standard rate of corporate tax (30%)	(54)	1,171
Effects of:		
Expenses not deductible for tax purposes	-	-
Losses	54	-
Current tax charge for period	-	1,171

### 10 Debtors

	2005 £	2004 £
Trade debtors	1,994,870	1,553,831
Prepayments and accrued income	-	16,667
<b>Total debtors due within one year</b>	<b>1,994,870</b>	<b>1,570,498</b>

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

	2005 £	2004 £
Trade creditors	203,769	16,667
Corporation tax	-	1,171
Other taxation and social security	-	(33)
Amounts owed to parent and fellow subsidiary undertakings	1,879,494	1,554,214
Accruals and deferred income	8,600	9,525
	<b>2,091,863</b>	<b>1,581,544</b>

**Notes** *(continued)*

**12 Called up share capital**

	2005 £	2004 £
<i>Authorised</i>		
Equity: 1,000 Ordinary shares of £1 each	<b>1,000</b>	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 100 Ordinary shares of £1 each	<b>100</b>	100
	<hr/>	<hr/>

**13 Reconciliation of movement in shareholders' funds**

	2005 £	2004 £
At beginning of year	<b>40,174</b>	37,440
Retained (loss) / profit for the year	<b>(179)</b>	2,734
	<hr/>	<hr/>
At end of year	<b>39,995</b>	40,174
	<hr/>	<hr/>

**14 Ultimate parent company and ultimate controlling party**

The company's ultimate parent company and controlling party is Sodexho Alliance S.A., a company incorporated in France. This is the smallest group of undertakings for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from The Secretary, Sodexho Alliance S.A., BP 100, 78883, Saint-Quentin-en-Yvelines Cedex.

**Notes** *(continued)*

**15 Related party disclosures**

	Note	Cost of sales £	Balance at 31 August 2005 £
UK Detention Services Limited (whose parent company is a 51% shareholder in the company)	A	12,727,236	1,879,494
Interserve Project Services Limited (formerly Tilbury Douglas Construction Limited, whose parent company Interserve Plc has a 49% shareholding in the company through its subsidiary, Interserve Investments Plc)	B	493,797	203,769

- A. The cost of sales represents amounts invoiced by UK Detention Services Limited for the operation of the immigration removal centre (2004: £16,843,775). At the year end a balance of £1,879,494 (2004: £1,554,214) was owed by the company to UK Detention Services Limited.
- B. The costs of sales represent the amounts invoiced by Interserve Project Services Limited for the construction of the immigration removal centre (2004: £10,978,096). At the year end a balance of £203,769 (2004: £nil) was owed by the company to Interserve Project Services Limited.