

**Harmondsworth Detention Services Limited**

**Directors' report and financial  
statements**

Registered number 04054452

31 August 2008

SATURDAY



\*A5HT9AV3\*

A15

20/06/2009

297

COMPANIES HOUSE

## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Harmondsworth Detention Services Limited	3
Profit and loss account	5
Balance sheet	6
Reconciliation of movements in shareholders' funds	7
Notes	8

## Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 August 2008.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

### Principal activities and business review

Harmondsworth Detention Services Limited is a Special Purpose Vehicle whose purpose is to design, construct and manage the Immigration Removal Centre Harmondsworth, which holds 501 male detainees. It has an 8 year contract with the UK Immigration Service which will expire on 28 June 2009.

There are two principal subcontractors, Kalyx Limited, who manage the operations, and Interserve Project Services Limited, who constructed the building.

During November 2006 there was a disturbance at the Immigration Removal Centre. The Company was insured against such instances and received business interruption insurance income during the period of reinstatement. Two of the four wings have been reinstated and, in July 2007, returned to full operations.

During 2008 it was agreed with the Authority that the two damaged wings would need to be demolished and rebuilt which resulted in these two wings being out of operation. Work started on this project towards the end of the financial year and is planned for completion in 2009.

In October 2008, the operating contract at the Immigration Removal Centre Harmondsworth was not renewed and will cease on 28 June 2009.

It is the intention of the directors that the Company will continue to trade until all residual matters are settled.

### Results and proposed dividend

The profit for the financial year amounted to £1,124 (2007: loss £1,080).

The directors do not recommend the payment of a dividend (2007: £nil).

### Directors and directors' interests

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

H Nahapiet  
J Vyse  
M Priday  
S Carter  
A Leech (Alternate to H Nahapiet)  
D Paterson (Alternate to J Vyse)

### 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 each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



T Bradbury  
Secretary

17 February 2009

Interserve House  
Ruscombe Park  
Twyford,  
Reading  
Berkshire  
RG10 9JU

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

The directors are responsible for preparing 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 that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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;
- 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 its 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 of Harmondsworth Detention Services Limited for the year ended 31 August 2008 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**Independent auditors' report to the members of Harmondsworth Detention Services Limited** *(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 August 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

**KPMG LLP**

*Chartered Accountants*

*Registered Auditor*

*17 February 2009*

**Profit and loss account**  
*for the year ended 31 August 2008*

	<i>Note</i>	<b>2008</b> £	<b>2007</b> £
<b>Turnover</b>	2	16,336,797	7,012,307
Cost of sales	3	(16,336,797)	(7,012,307)
<b>Gross profit</b>		-	-
Administrative expenses		(1,825)	(12,800)
Other operating income	4	-	10,222,360
Other operating expenses	4	-	(10,222,360)
<b>Operating loss</b>		(1,825)	(12,800)
Other interest receivable and similar income	7	2,750	11,896
Interest payable and similar charges	8	(96)	(176)
<b>Profit/ (loss) on ordinary activities before taxation</b>	9	829	(1,080)
Tax on profit/(loss) on ordinary activities	10	295	-
<b>Profit/(loss) for the financial year</b>		1,124	(1,080)

All results arise from continuing activities, subject to the statements made in the Directors' report.

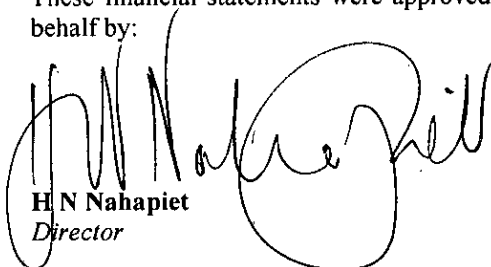
The Company has no recognised gains or losses, other than the profit above, and therefore no separate statement of total recognised gains and losses has been prepared.

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 2008*

	<i>Note</i>	<b>2008</b> £	<b>2007</b> £
<b>Current assets</b>			
Debtors	<i>11</i>	<b>2,131,958</b>	2,502,550
Cash at bank and in hand		<b>44,611</b>	46,171
		<hr/>	<hr/>
		<b>2,176,569</b>	2,548,721
<b>Creditors: amounts falling due within one year</b>	<i>12</i>	<b>(2,137,575)</b>	(2,510,851)
		<hr/>	<hr/>
<b>Net assets</b>		<b>38,994</b>	37,870
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	<i>13</i>	<b>100</b>	100
Profit and loss account	<i>14</i>	<b>38,894</b>	37,770
		<hr/>	<hr/>
<b>Shareholders' funds - Equity</b>		<b>38,994</b>	37,870
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 17 February 2009 and were signed on its behalf by:

  
**H N Nahapiet**  
 Director



**Reconciliation of movements in shareholders' funds**  
*for the year ended 31 August 2008*

	2008 £	2007 £
Profit/(loss) for the financial year	1,124	(1,080)
Net increase/(reduction) in shareholders' funds	1,124	(1,080)
Opening shareholders' funds	37,870	38,950
Closing shareholders' funds	38,994	37,870

## 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 financial statements, except as noted below.

#### *Basis of preparation*

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

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate.

It is the intention of the directors that the Company will continue to trade until all residual matters are settled.

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. The consolidated financial statements of Sodexo S.A. (formerly Sodexho Alliance S.A.), within which this company is included, can be obtained from the address given in note 16.

#### *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/loss 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.

### 2 Turnover

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

	2008 £	2007 £
<i>By activity</i>		
Operations	16,336,797	7,012,307

### 3 Cost of sales

	2008 £	2007 £
Other operating charges	(16,336,797)	(7,012,307)

**Notes (continued)**

**4 Other operating income & expenses**

There was no other operating income or expenses in the current financial year. In the prior year, the other operating income relates to a disturbance at the Immigration Removal Centre. The Company was insured against such instances and received business interruption insurance income during the period of reinstatement.

Other operating expenses in the prior year represent amounts invoiced by Kalyx Limited for business interruption income in respect of the Immigration Removal Centre.

**5 Directors' emoluments**

No directors received emoluments for their services to the Company (2007: £nil).

**6 Employee information**

No persons were employed by the Company during the current or previous financial year.

**7 Other interest receivable and similar income**

	2008 £	2007 £
Interest on bank deposits	2,750	11,896

**8 Interest payable and similar charges**

	2008 £	2007 £
Bank charges	96	176

**9 Profit/(loss) on ordinary activities before taxation**

	2008 £	2007 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
<i>Auditors' remuneration:</i>		
Audit of these financial statements	5,000	5,700

## Notes (continued)

### 10 Taxation

#### Analysis of credit in period

	2008 £	2007 £
<i>UK corporation tax</i>		
Current tax on income for the period	242	-
Adjustments in respect of previous period	863	-
	<hr/>	<hr/>
Total current tax	1,105	-
<i>Deferred tax</i>		
Adjustments in respect of previous periods	(1,400)	-
	<hr/>	<hr/>
Total deferred tax	(1,400)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	(295)	-
	<hr/>	<hr/>

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

On 1 April 2008, the standard rate of corporation tax changed to 28% and capital allowance legislation impacting on the calculation of the deferred tax provision of the Company was introduced for taxable periods on or after 1 April 2008. For the purpose of the Company accounts to 31 August 2008, a blended rate of corporation tax has been applied.

The current tax charge (2007: credit) for the period is higher (2007: lower) than the blended rate of corporation tax of 29.2% (2007: standard rate of 30 %). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	829	(1,080)
	<hr/>	<hr/>
Current tax at blended rate of 29.2% (2007: standard rate of 30%)	242	(324)
<i>Effects of:</i>		
Losses carried forward not recognised as deferred tax assets	-	324
Adjustments in respect of previous periods	863	-
	<hr/>	<hr/>
Total current tax charge	1,105	-
	<hr/>	<hr/>

## Notes (continued)

### 11 Debtors

	2008 £	2007 £
Trade debtors	1,690,852	2,374,188
Other debtors	439,706	128,362
Deferred tax asset (see below)	1,400	-
	<u>2,131,958</u>	<u>2,502,550</u>

The amounts provided for deferred taxation are set out below:

	2008 £	2007 £
<b>Deferred tax</b>		
Short term timing differences	1,400	-
	<u>1,400</u>	<u>-</u>
Asset at start of year	-	-
Deferred tax credit in profit and loss account	1,400	-
<b>Deferred tax asset</b>	<u>1,400</u>	<u>-</u>

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

	2008 £	2007 £
Trade creditors	292,510	-
Amounts owed to parent and fellow subsidiary undertakings	1,690,852	2,502,550
Corporation tax	1,105	-
Accruals and deferred income	153,108	8,301
	<u>2,137,575</u>	<u>2,510,851</u>

## Notes (continued)

### 13 Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
Equity: 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
Equity: 100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 14 Reserves

	Profit and loss account £
At beginning of year	37,770
Profit for the year	1,124
	<hr/>
At end of year	38,894
	<hr/>

### 15 Related party disclosures

		Cost of sales £	Other operating expenses £	Balance at 31 August 2008 £
Kalyx Limited (whose parent company is a 51% shareholder in the Company)	2008	16,336,797	-	1,690,852
	2007	7,012,309	10,222,360	2,502,550
		<hr/>	<hr/>	<hr/>

There were no transactions with Interserve Project Services Limited that require disclosure under FRS8.

### 16 Ultimate parent company and ultimate controlling party

The Company's ultimate parent company and controlling party is Sodexo S.A. (formerly 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, Sodexo S.A., 255 Quai de la Bataille de Stalingrad, 92866 Issy-Les-Moulineaux, France.

### 17 Post balance sheet event

In October 2008, the operating contract at the Immigration Removal Centre Harmondsworth was not renewed, the Company will cease operating at the centre on 28 June 2009.