

Harmondsworth Detention Services Limited

**Directors' report and financial
statements**

Registered number 04054452

31 August 2011

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Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 August 2011

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 had an eight year contract with the UK Immigration Service which expired on 6 June 2009.

In October 2008, the operating contract at the Immigration Removal Centre Harmondsworth was not renewed and ceased on 6 June 2009. During the year final invoicing took place in relation to this contract. This went on longer than expected due to issues in UKBA (UK Borders Agency) in respect to an Insurance pay out (in relation to a claim following riots in 2008), and agreeing the final amount which would be paid to Harmondsworth.

Results and proposed dividend

The loss for the financial year amounted to £50 (2010 loss £169)

The directors do not recommend the payment of a dividend (2010 £nil)

Going concern

After making enquires, the directors have a reasonable expectancy that the company, with its support from its parent company, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows

I Renhard
M Priday
S Carter
D Paterson
P Andrew

The Company maintained insurance for directors and officers in respect of their duties as directors and officers of the Company.

Political and charitable contributions

The Company made no political contributions during the year (2010 £nil)

Employees

No staff were employed by the Company during the year (2010 none)

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.

Directors' report (*continued*)

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

Interserve House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

24 May 2012

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)

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 judgments 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.



KPMG LLP

St James' Square
Manchester
M2 6DS

Independent auditor's 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 2011 set out on pages 6 to 13. 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 of 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 to them in an auditors' 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 August 2011 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Harmondsworth Detention 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



Michael Frankish (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
St James' Square
Manchester
M2 6DS

30 May 2012

Profit and loss account
for the year ended 31 August 2011

	<i>Note</i>	2011 £	2010 £
Turnover	2	442,126	-
Cost of sales	3	(442,126)	-
Gross profit		-	-
Administrative income		-	-
Operating profit		-	-
Other interest receivable and similar income	6	70	-
Interest payable and similar charges	7	(102)	(169)
Loss on ordinary activities before taxation	8	(32)	(169)
Tax on loss on ordinary activities	9	(18)	-
Loss for the financial year		(50)	(169)

All results arise from discontinued operations

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

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

The notes from pages 9-13 form part of the financial statements

Balance sheet
at 31 August 2011

	<i>Note</i>	2011 £	2010 £
Current assets			
Debtors	<i>10</i>	-	248,281
Cash at bank and in hand		51,636	51,668
		<u>51,636</u>	<u>299,949</u>
Creditors: amounts falling due within one year	<i>11</i>	(10,780)	(259,043)
		<u></u>	<u></u>
Net assets		40,856	40,906
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	<i>12</i>	100	100
Profit and loss account	<i>13</i>	40,756	40,806
		<u></u>	<u></u>
Shareholders' funds - Equity		40,856	40,906
		<u></u>	<u></u>

The notes from pages 9-13 form part of the financial statements

These financial statements were approved by the board of directors on 24th May 2012 and were signed on its behalf by



S.A. Carter
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 August 2011

	2011 £	2010 £
Loss for the financial year	(50)	(169)
Net decrease in shareholders' funds	(50)	(169)
Opening shareholders' funds	40,906	41,075
Closing shareholders' funds	40,856	40,906

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

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, within which this Company is included, can be obtained from the address given in note 15

Going concern

After making enquires, the directors have a reasonable expectancy that the company, with its support from its parent company, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in the 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 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 final amounts invoiced for services in the United Kingdom for the construction and operation of the immigration removal centre as follows

	2011 £	2010 £
<i>By activity</i>		
Discontinued operations	442,126	-
	<hr/>	<hr/>

3 Cost of sales

	2011 £	2010 £
Other operating charges	442,126	-
	<hr/>	<hr/>

Notes (continued)

4 Directors' emoluments

No directors received emoluments for their services to the Company (2010 £nil)

5 Employee information

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

6 Other interest receivable and similar income

	2011 £	2010 £
Interest on bank deposits	70	-

7 Interest payable and similar charges

	2011 £	2010 £
Bank charges	102	169

8 Loss on ordinary activities before taxation

	2011 £	2010 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
<i>Auditors' remuneration</i>		
Audit of these financial statements	-	-

Audit fees for the current and prior year are borne by Sodexo Limited

Notes (continued)

9 Taxation

Analysis of credit in period

	2011 £	2010 £
<i>UK corporation tax</i>		
Current tax on income for the period	18	-
Adjustments in respect of previous period	-	-
	<hr/>	<hr/>
Total current tax	18	-
<i>Deferred tax</i>		
Adjustments in respect of previous periods	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	18	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

On 1 April 2011, the standard rate of corporation tax changed to 26%. For the purpose of the company accounts to 31 August 2011, a blended rate of corporation tax has been applied.

The current tax charge (2010 charge) for the period is higher (2010 lower) than the blended (2010 standard) rate of corporation tax of 27.167% (2010 28%). The differences are explained below.

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(32)	(169)
	<hr/>	<hr/>
Current tax at blended (2010 standard) rate of 27.167% (2010 28%)	(9)	(47)
<i>Effects of</i>		
Losses carried forward to future periods	27	47
	<hr/>	<hr/>
Total current tax charge	18	-
	<hr/>	<hr/>

On the 23 March 2011 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 25% with effect from 1 April 2012. This change became substantively enacted in July 2011 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above.

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012. As this rate was not substantively enacted at the balance sheet date it has not been reflected in the above figures.

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014. These reductions have not been substantively enacted; the changes are not reflected in the above figures.

Notes *(continued)*

10 Debtors

	2011 £	2010 £
Other debtors	-	248,281
	<u>-</u>	<u>248,281</u>

11 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	10,762	10,762
Amounts owed to parent and fellow subsidiary undertakings	-	248,281
Corporation tax	18	-
	<u>10,780</u>	<u>259,043</u>

12 Called up share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Equity 100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

13 Reserves

	Profit and loss account £
At beginning of year	40,806
Loss for the year	(50)
At end of year	<u>40,756</u>

Notes (continued)

14 Related party disclosures

	2011 £	2010 £
Transactions with Sodexo Limited (whose parent company is a 51% shareholder in the Company)		
Purchases within cost of sales	442,126	-
Debtor balance	-	-

15 Ultimate parent company and ultimate controlling party

The Company's ultimate parent company and controlling party is Sodexo 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.