COMPANY REGISTRATION NUMBER: 05826005

# Justice Support Services (North Kent) Holdings Limited

## Annual Report and Financial Statements

## 31 March 2016

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# Justice Support Services (North Kent) Holdings Limited

## Annual Report and Financial Statements

## Year Ended 31 March 2016

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# Justice Support Services (North Kent) Holdings Limited

## Officers and Professional Advisers

| | |
|---|---|
| **The Board of Directors** | K M Hill<br>M Donn<br>A Waddington<br>M Turnbull-Fox (Resigned 4 March 2016)<br>C Oxby (Appointed 4 March 2016) |
| **Company Secretary** | Infrastructure Managers Limited |
| **Registered Office** | Cannon Place<br>78 Cannon Street<br>London<br>EC4N 6AF |
| **Auditor** | PricewaterhouseCoopers LLP<br>Chartered Accountants & Statutory Auditors<br>Level 4<br>Atria One<br>144 Morrison Street<br>Edinburgh<br>EH3 8EX |

# Justice Support Services (North Kent) Holdings Limited

## Directors' Report

## Year Ended 31 March 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

### Principal Activities

The Company is an investment holding company whose sole business is the holding of an investment in its wholly owned subsidiary, Justice Support Services (North Kent) Limited. The principal activities of the subsidiary company are the design, construction, financing, supply of certain services and maintenance of a police station with a custodial unit in accordance with the terms of an agreement with Kent Police Authority. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 21 July 2006. The concession period runs for a period of 30 years from this date.

### Performance Review

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. The accounts for both years are presented under FRS 102, the adjustments to the prior year reported financial position and financial performance are given in note 17.

The profit for the year, after taxation, amounted to £245,000 (2015: £255,000).

The profit for the year will be transferred to reserves.

The directors are satisfied with the overall performance of the Company and do not foresee any significant change in the Company's activities in the coming financial year.

### Key performance indicators

The performance of the Company from a cash perspective is assessed six monthly 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 group loan agreement.

### Directors

The directors who served the company during the year and up to the date of this report were as follows:

| | |
|---|---|
| K M Hill | |
| M Donn | |
| A Waddington | |
| C Oxby | (Appointed 4 March 2016) |
| M Turnbull-Fox | (Resigned 4 March 2016) |

### Dividends

Particulars of dividends paid are detailed in note 9 to the financial statements.

### Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

# Justice Support Services (North Kent) Holdings Limited

## Directors' Report *(continued)*

## Year Ended 31 March 2016

This report was approved by the board of directors on 31 August 2016 and signed on behalf of the board by:

Infrastructure Managers Limited
Company Secretary

Registered office:
Cannon Place
78 Cannon Street
London
EC4N 6AF

# Justice Support Services (North Kent) Holdings Limited

## Directors' Responsibilities Statement

## Year Ended 31 March 2016

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 the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 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 auditors are 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 auditors are aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

The Directors' Responsibilities were approved by the board on 31 August 2016 and signed on its behalf by:

K M Hill

Director

Registered office:
Cannon Place
78 Cannon Street
London
EC4N 6AF

# Justice Support Services (North Kent) Holdings Limited

## Independent Auditors' Report to the Members of Justice Support Services (North Kent) Holdings Limited

## Year Ended 31 March 2016

### Our opinion

In our opinion, Justice Support Services (North Kent) Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

### What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

### Respective responsibilities of directors and auditor

### Our responsibilities and those of the directors

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) ("ISAs (UK & 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

We conducted our audit in accordance with ISAs (UK & Ireland). 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 financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

# Justice Support Services (North Kent) Holdings Limited

## Independent Auditors' Report to the Members of Justice Support Services (North Kent) Holdings Limited *(continued)*

## Year Ended 31 March 2016

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paul Cheshire (Senior Statutory Auditor)

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

31/08/16

# Justice Support Services (North Kent) Holdings Limited

## Statement of Comprehensive Income

## Year Ended 31 March 2016

| | Note | 2016 £ | 2015 £ |
|---|---|---|---|
| Income from shares in group undertakings | 5 | **245,000** | 255,000 |
| Other interest receivable and similar income | 6 | **464,593** | 464,593 |
| Interest payable and similar charges | 7 | **(464,593)** | (464,593) |
| **Profit on ordinary activities before taxation** | | **245,000** | 255,000 |
| Tax on profit on ordinary activities | 8 | **–** | – |
| **Profit for the financial year and total comprehensive income** | | **245,000** | 255,000 |

All the activities of the company are from continuing operations.

**The notes on pages 11 to 15 form part of these financial statements.**

# Justice Support Services (North Kent) Holdings Limited

## Statement of Financial Position

## As at 31 March 2016

| | Note | 2016 £ | 2015 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 10 | 10,000 | 10,000 |
| **Current assets** | | | |
| Debtors: due after more than one year | 11 | 3,861,950 | 3,861,950 |
| **Net current assets** | | 3,861,950 | 3,861,950 |
| **Total assets less current liabilities** | | 3,871,950 | 3,871,950 |
| **Creditors: amounts falling due after more than one year** | 12 | (3,861,950) | (3,861,950) |
| **Net assets** | | 10,000 | 10,000 |
| **Capital and reserves** | | | |
| Called up share capital | 13 | 10,000 | 10,000 |
| Retained earnings | 14 | – | – |
| **Shareholders' funds** | | 10,000 | 10,000 |

These financial statements were approved by the board of directors and authorised for issue on 31 August 2016 and are signed on behalf of the board by:

K M Hill

Director

Company registration number: 05826005

**The notes on pages 11 to 15 form part of these financial statements.**

# Justice Support Services (North Kent) Holdings Limited

## Statement of Changes in Equity

## Year Ended 31 March 2016

| | | Called up share capital £ | Retained earnings £ | **Total £** |
|---|---|---|---|---|
| **At 1 April 2014** | | 10,000 | – | 10,000 |
| Profit for the year | | | 255,000 | 255,000 |
| **Total comprehensive income for the year** | | – | 255,000 | 255,000 |
| Dividends paid and payable | **9** | – | (255,000) | (255,000) |
| **Total investments by and distributions to owners** | | – | (255,000) | (255,000) |
| **At 31 March 2015** | | 10,000 | – | **10,000** |
| Profit for the year | | | 245,000 | **245,000** |
| **Total comprehensive income for the year** | | – | 245,000 | **245,000** |
| Dividends paid and payable | **9** | – | (245,000) | **(245,000)** |
| **Total investments by and distributions to owners** | | – | (245,000) | **(245,000)** |
| **At 31 March 2016** | | 10,000 | – | **10,000** |

**The notes on pages 11 to 15 form part of these financial statements.**

# Justice Support Services (North Kent) Holdings Limited

## Notes to the Financial Statements

## Year Ended 31 March 2016

### 1. Statement of compliance

The individual financial statements of Justice Support Services (North Kent) Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 and the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980).

### 2. General information

Justice Support Services (North Kent) Holdings Limited ('the company') is incorporated and domiciled in the UK. The address of its registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF.

The Company is an investment holding company whose sole business is the holding of an investment in its wholly owned subsidiary, Justice Support Services (North Kent) Limited.

The company's functional and presentation currency is the pound sterling.

### 3. Accounting policies

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in the accounting policies.

The accounting policies stated below have been consistently applied to the years presented, unless otherwise stated.

#### Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 17.

#### Disclosure exemptions

The company has taken advantage of the exemption in FRS 102 Section 7 'Statement of Cash Flows' part 1B, which states that a small company is not required to prepare a cash flow statement.

#### Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

### 3. Accounting policies *(continued)*

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty are as follows:

i) Impairment of assets

The carrying value of those assets recorded in the Company's balance sheet, at amortised cost, could be materially reduced where circumstances exist which might indicate that an asset has been impaired and an impairment review is performed. Impairment reviews consider the fair value and or value in use of the potentially impaired asset or assets and compares that with the carrying value of the asset or assets in the balance sheet. Any reduction in value arising from such a review would be recorded in the statement of comprehensive income. Impairment reviews involve the significant use of assumptions. Consideration has to be given as to the price that could be obtained for the asset or assets, or in relation to a consideration of value in use, estimates of the future cash flows that could be generated by the potentially impaired asset or assets, together with a consideration of an appropriate discount rate to apply to those cash flows.

**Income tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current Tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 4. Particulars of employees and directors

The average number of persons employed by the company during the financial year, including the directors, amounted to nil (2015: nil). The directors did not receive any remuneration from the Company during the year (2015: £nil).

### 5. Income from shares in group undertakings

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Income from group undertakings | **245,000** | 255,000 |

### 6. Other interest receivable and similar income

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Interest from Group undertakings | **464,593** | 464,593 |

### 7. Interest payable and similar charges

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Interest due to Group undertakings | **464,593** | 464,593 |

### 8. Tax on profit on ordinary activities

**Reconciliation of tax income**

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Profit on ordinary activities before taxation | **245,000** | 255,000 |
| Profit on ordinary activities by rate of tax | **49,000** | 53,550 |
| Effect of expenses not deductible for tax purposes | **(49,000)** | (53,550) |
| Tax on profit on ordinary activities | **–** | – |

### 9. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Dividends of £24.50 (2014: £25.50) per ordinary share | **245,000** | 255,000 |

### 10. Investments

| | Shares in group undertakings £ |
|---|---|
| **Cost** | |
| **At 1 Apr 2015 and 31 Mar 2016** | **10,000** |
| **Impairment** | |
| **At 1 Apr 2015 and 31 Mar 2016** | **–** |
| **Carrying amount** | |
| **At 31 March 2016** | **10,000** |

**Subsidiaries, associates and other investments**

The company owns 100% of the issued share capital of Justice Support Services (North Kent) Limited.

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Aggregate capital and reserves | **(8,156,968)** | (7,834,191) |
| Profit/(Loss) for the year | **273,374** | 153,104 |

The directors acknowledge the investment is in net liabilities, the cause of this is due to the derivative financial instruments being brought onto the balance sheet. The directors have reviewed the investments forecasts and projections and have reasonable expectation that no impairment indicators exist and the investment will continue in operation existence for the foreseeable future.

### 11. Debtors

Debtors falling due after one year are as follows:

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Amounts owed by group undertakings | **3,861,950** | 3,861,950 |

Amounts owed by group undertakings greater than one year consists of loans due from the subsidiary. This is a subordinated loan due from Justice Support Services (North Kent) Limited which carries an annual interest rate of 12.03% and is repayable in September 2036.

### 12. Creditors: amounts falling due after more than one year

| | **2016** | 2015 |
|---|---|---|
| | **£** | £ |
| Amounts owed to group undertakings | **3,861,950** | 3,861,950 |

The subordinated loan stock bears interest at 12.03%. The subordinated loan facility is repayable as a bullet payment in September 2036.

### 13. Called up share capital

**Issued, called up and fully paid**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **No** | **£** | No | £ |
| Ordinary shares of £1 each | **10,000** | **10,000** | 10,000 | 10,000 |

### 14. Reserves

Retained earnings - This reserve records retained earnings and accumulated losses.

### 15. Related party transactions

The following disclosures are with entities in the group that are not wholly owned:

Aberdeen Infrastructure (No.3) Limited is a 50% shareholder in the Company and an associated company, Aberdeen Infrastructure Limited, is the holder of £1,930,975 (2015: £1,930,975) in subordinated loan notes due from the company. Interest expense in the year was £232,296 (2015: £232,296), of which £nil (2015: £nil) was outstanding at year end. The company paid £9,684 (2015: £9,435) to Aberdeen Infrastructure Finance GP Limited for the provision of two directors.

DIF Infrastructure III CV is a 50% shareholder in the Company and is the holder of £1,930,975 (2015: £1,930,975) in subordinated loan notes due from the company. Interest expense in the year was £232,296 (2015: £232,296), of which £nil (2015: £nil) was outstanding at year end.

### 16. Controlling party

The share capital of the Company is jointly held by Aberdeen Infrastructure (No.3) Limited and DIF Infra 3 UK Limited. Each party holds 50% and thus it is the directors' opinion that there remains no ultimate controlling party.

Aberdeen Infrastructure (No.3) Limited and DIF Infra 3 UK Limited are incorporated in the United Kingdom and registered in England and Wales. Copies of the accounts of these companies can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

### 17. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. The changes in accounting policies between UK GAAP as previously reported and FRS 102 have resulted in no adjustment to profit for the financial year ended 31 March 2015 or the total equity at 1 April 2014 and 31 March 2015.