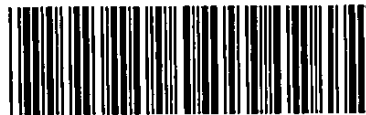


Registered Number 5826309

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

Directors' Report and Financial Statements
For the year ended 31 March 2012

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COMPANIES HOUSE

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

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JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED
COMPANY INFORMATION

Directors	A G Bremner P Townsend G B Fairbank P J Whiscombe K Hill
Secretary	P R P George
Company Number	5826309
Registered Office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

1 Principal activities

The principal activities of the 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.

2 Business review and future developments

The Company's results are measured by the directors by comparison to the financial model, updated in March 2011. This model is an update of the operational model that is developed by using the financial close model from 2006 with the appropriate adjustments to reflect actual cash expenditure. The Company completed construction of the facility in 2008 and has provided continuous operations throughout the current financial year. All debt repayments have been made in full and in the correct periods. The Company has made a profit in the period based upon the operating profit exceeding the net cost of financing debt.

3 Principal risks and uncertainties

The principal risk at 31 March 2012 is interest rate risk. Interest rate risk is present due to the company having senior debt at a variable interest rate. This risk is addressed by having a floating to fixed rate interest rate swap. This was entered into on 21 July 2006 and covers the life of the loan. Interest receivable risk continues to exist on the cash available to place on deposits.

4 Results and dividends

The profit for the period after taxation dealt with in the financial statements is £72,000 (2011 £34,000).

The directors recommend the payment of a dividend of £100,000 in total. This was paid to Justice Support (North Kent) Holdings Limited, which in turn paid the funds out to its shareholders, on the 30 March 2012, in proportion to their share ownership.

5 Directors

The directors of the Company who served during the period and to the date of this report were as follows:

A G Bremner
D R S MacDonald (resigned 14th May 2012)
P Townsend
I Wong (resigned 5th October 2011)
P J Whiscombe
K Hill (appointed 3rd November 2011)
G B Fairbank (appointed 14th May 2012)

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

DIRECTORS' REPORT (Continued)

6 Statement of directors' responsibilities

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 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 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.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

7 Going Concern

The Directors have reviewed the company's projected cashflows which have been prepared on the basis of a detailed analysis of the company's finances and likely future demand trends. After consideration of these projections the directors consider the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

8 Disclosure of information to auditor

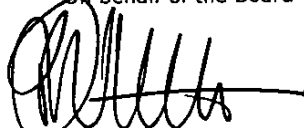
In so far as each of the directors is aware

- 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 that information

9 Auditor

A resolution to reappoint Grant Thornton LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

On behalf of the Board


P J Whiscombe
Director

Date 26 July 2012

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF
JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED**

We have audited the financial statements of Justice Support Services (North Kent) Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the notes to the financial statements. 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).

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement 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 website 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 March 2012 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

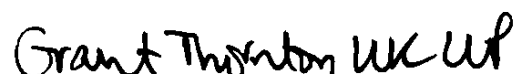
Opinion on other matter prescribed by the Companies Act 2006

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.

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



Richard Hagley
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date 26 July 2012

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	1	2,137	2,260
Operating charges		(1,934)	(2,048)
Operating profit	2	203	212
Net interest payable	3	(108)	(169)
Profit on ordinary activities before taxation		95	43
Tax charge on profit on ordinary activities	5	(23)	(9)
Profit for the financial year		72	34

A reconciliation of movement in equity shareholders' funds is shown in note 11 in the financial statements

There is no difference between the historical cost result and the result stated above. The result reported above relates to continuing activities.

There are no recognised gains or losses other than the result for the period.


The notes on pages 8 to 14 form part of these Financial Statements.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

**BALANCE SHEET
As at 31 March 2012**

	Note	2012 £000	2011 £000
Current assets			
Debtors amounts falling due within one year	6	1,114	1,539
Debtors amounts falling due after one year	7	34,138	34,758
		<hr/>	<hr/>
Total Debtors		35,252	36,297
		<hr/>	<hr/>
Cash at bank and in hand		3,608	3,058
		<hr/>	<hr/>
		38,860	39,355
		<hr/>	<hr/>
Current liabilities			
Creditors amounts falling due within one year	8	(1,990)	(1,999)
		<hr/>	<hr/>
Total assets less current liabilities		36,870	37,356
		<hr/>	<hr/>
Creditors amounts falling due after more than one year	9	(36,848)	(37,306)
		<hr/>	<hr/>
Net assets		22	50
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	12	12	40
		<hr/>	<hr/>
Equity shareholders' funds	11	22	50
		<hr/>	<hr/>

The financial statements were approved by the board on 26 July 2012 and were signed on its behalf by


P J Whiscombe
Director

The notes on pages 8 to 14 form part of these Financial Statements

Registered Number 5826309

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

CASHFLOW STATEMENT
Period ended 31 March 2012

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	16	1,684	1,386
Returns on investments and servicing of finance			
Interest received		2,294	2,289
Interest paid and bank charges		(2,388)	(2,444)
		<u>(94)</u>	<u>(155)</u>
Taxation (Paid)/Received		(9)	6
Dividends paid		(100)	-
Financing			
Repayment of term loan		(892)	(910)
Repayment of subordinated loan		(38)	(11)
		<u>(930)</u>	<u>(921)</u>
Increase in cash		<u>550</u>	<u>316</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		550	316
Cash outflow from changes in debt financing		930	921
Change in net debt resulting from cash flows		<u>1,480</u>	<u>1,237</u>
Change in net debt	17	<u>1,480</u>	<u>1,237</u>
Net debt bought forward	17	<u>(34,059)</u>	<u>(35,296)</u>
Net debt carried forward	17	<u>(32,579)</u>	<u>(34,059)</u>

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The accounting policies adopted are disclosed below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year.

Contract receivable

Costs incurred in construction have been accounted for under Financial Reporting Standard 5, "Reporting the Substance of Transactions". Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction.

The contract receivable is repaid over the life of the concession, and revenue is apportioned between a deemed interest charge and turnover. This deemed interest charge is based upon the value of the financial debt outstanding and is included within interest receivable.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Turnover

A margin is applied to operating costs charged to the profit and loss account to calculate the turnover credited to the profit and loss account. This margin is calculated as total income receivable over the concession, less all service costs and other operating costs payable over the concession.

The Company's sole business activity is that described in the Directors' Report, and accordingly all turnover is derived in the UK.

Finance costs

The interest cost of financing the company's obligations under the concession agreement has been included in the value of the contract debtor. All directly attributable finance costs associated with the construction of buildings are included in the contract debtor.

Any loan arrangement fees will be amortised over the term of the loan in accordance with FRS4.

Interest rate swaps

Interest rate swaps are used to hedge the company's exposure to movements on interest rates. The fair value of this financial instrument which may be an asset or liability to the company, depending on the market rate, is not recognised in the financial statements as the company is exempt from adopting FRS 26 Financial Instruments: Recognition and Measurement.

The interest payable on the debt and associated interest rate swaps is accrued for within the financial statements. Should the company terminate the interest rate swaps earlier than they mature the company may become liable to pay penalties.

Interest payable

Interest payable is applicable in relation to the senior debt and is addressed through effective interest rates swaps as detailed above and outlined further in Note 9 to the accounts. Interest payable on subordinated debt is made based on the current balance and a fixed interest rate of 12.03%.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Interest receivable

Interest receivable is earned on cash balances placed on deposit throughout the year and interest received is calculated based on the variable rates provided at the point in time the deposits are placed

Interest receivable is also due on the Contract debtor balance after amortisation. The interest receivable on the contract debtor each year is set as 6.412%, which is in line with the Weighted Average Cost of Capital (WACC)

2. Operating profit	2012 £000	2011 £000
Operating profit is arrived at after charging		
Auditor's remuneration		
Audit of the financial statements	10	10
Other fees and taxation advice	4	3
	<hr/> 14 <hr/>	<hr/> 13 <hr/>
3 Net interest payable	2012 £000	2011 £000
Interest payable on term loans	1,914	1,967
Interest payable on subordinated loans	470	473
Interest receivable on bank deposits	(46)	(34)
Interest receivable on finance debtor	(2,248)	(2,255)
Bank charges	4	4
Amortisation of issue costs	14	14
	<hr/> 108 <hr/>	<hr/> 169 <hr/>
Net interest payable		

4 Directors and employees

The directors were not directly remunerated for their services. The shareholders (as detailed in note 15) were paid £62,000 (2011: £55,000) in respect of directors' services provided during the year in relation to the completion of services to the business, in line with the contracts in place.

The company has no employees (2011: nil)

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5	Taxation	2012 £000	2011 £000
	a) Analysis of charge for the period		
	Current tax		
	UK corporation tax	23	9
	Total current tax charge	23	9
	b) Reconciliation of current tax charge		
	Profit on ordinary activities before tax	95	43
	Tax on profit on ordinary activities at Marginal Corporation Tax rate of 24.5%	23	9
	Current tax charge for the period	23	9
	c) Factors that may affect the future tax charges		
	The annual budget announced in March 2012 outlined that the corporation tax rate change as at 1 April 2013 would reduce the main rate to 24%. The budget also detailed that rates would step down as previously outlined and therefore rates would be 22% by 2015.		
6	Debtors: amounts falling due within one year	2012 £000	2011 £000
	Trade debtors	-	488
	Prepayments and accrued income	494	472
	Contract receivable	620	579
		1,114	1,539
7	Debtors: amounts falling due after more than one year	2012 £000	2011 £000
	Contract receivable	34,138	34,758

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8	Creditors: amounts falling due within one year	2012	2011
		£000	£000
	Term loan	909	892
	Equity bridge loan	29	38
	Trade creditors	40	13
	Accruals	490	706
	VAT	247	91
	Retention	250	250
	Corporation Tax	23	9
		<hr/>	<hr/>
		1,990	1,999
		<hr/>	<hr/>
9	Creditors: amounts falling due after more than one year	2012	2011
		£000	£000
	Borrowings term loan drawn down	31,388	32,297
	less unamortised issue costs	(311)	(324)
	subordinated loan	3,861	3,890
	Contract debtor control account	1,901	1,443
		<hr/>	<hr/>
		36,848	37,306
		<hr/>	<hr/>

Borrowing consists of

The term loan facility granted by Bank of Scotland is secured on the assets of the company. The loan facility is for a total value of £39,871,000 of which £32,297,000 was outstanding at 31 March 2012 (£33,189,000 at 31 March 2011).

The loan facility is repayable from September 2008 to January 2035.

Interest is charged on amounts drawn under the term loan facility based on floating LIBOR plus a margin of 0.9%, which is agreed for the term of the project. The Company has entered into a LIBOR to fixed rate swap whose effect is to convert variable interest into fixed interest. The fixed rate of this swap is 4.8%.

	2012	2011
	£000	£000
Term Loan		
Amounts repayable are due as follows		
Within one year	909	892
In more than one year but not more than two years	1,038	909
In more than two years but not more than five years	3,111	3,102
In more than 5 years	27,239	28,286
	<hr/>	<hr/>
	32,297	33,189
	<hr/>	<hr/>

The subordinated loan facility is repayable in 6 monthly instalments, from September 2008 to September 2036 and bears an interest rate of 12.03%.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9 Creditors : amounts falling due after more than one year (continued)

Subordinated Loan		
Amounts repayable are due as follows		
Within one year	29	38
In more than one year but not more than two years	33	29
In more than two years but not more than five years	125	112
In more than 5 years	3,703	3,749
	<hr/>	<hr/>
	3,890	3,928
	<hr/>	<hr/>

10 Share capital	2012	2011
	£000	£000
Authorised; allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

11 Reconciliation of movements in equity shareholders' funds	£000
Shareholders' funds at 31 March 2011	50
Profit for the period	72
Dividends paid	(100)
	<hr/>
Shareholders' funds at 31 March 2012	22
	<hr/>

12 Reserves	2012	2011
	£000	£000
Profit and loss account brought forward	40	6
Profit for the period	72	34
Dividends paid	(100)	-
	<hr/>	<hr/>
Profit and loss account carried forward	12	40
	<hr/>	<hr/>

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Related party disclosures

During the period the company entered into transactions, in the ordinary course of business, with Kier Project Investment Limited and Kier Regional Limited both 100% subsidiaries of Kier Group plc. There were also transactions with Reliance Secure Task Management Limited (whose ultimate parent company is Reliance Trust Limited) and Bank of Scotland (part of Lloyds Banking Group). The relationship with these companies is described in Note 15. Transactions entered into during the year and trading balances outstanding at 31 March 2012, are as follows:

	Purchases		Amounts outstanding At 31 March	
	2012 £000	2011 £000	2012 £000	2011 £000
Kier South East (Kier Regional Limited)	-	24	250	250
Kier Project Investment Limited	96	42	-	-
Reliance Secure Task Management Limited	1,493	1,461	-	8
Bank of Scotland	63	42	-	-
Bank of Scotland - loan outstanding	-	-	32,297	33,189
	<u>1,652</u>	<u>1,569</u>	<u>32,547</u>	<u>33,447</u>

Other than those transactions noted above, the company has taken the disclosure exemptions available under Financial Reporting Standard 8 'Related Party Disclosures' which exempts the disclosure of transactions between members of the same group which comprise wholly owned subsidiaries.

14 Commitments

Under the terms of a contract with Reliance Secure Task Management Limited dated 21 July 2006, the company is committed to annual payments totalling £1,293,000 (plus indexation) in respect of services to be provided during the concession period.

15 Parent Undertakings

As at 31 March 2012 the company was a wholly owned subsidiary of Justice Support Services (North Kent) Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The share capital of Justice Support Services (North Kent) Holdings Limited was held 42.5% by Kier Project Investment Limited (the ultimate holding company being Kier Group plc) and 42.5% by Bank of Scotland Infrastructure (No 3) Limited (the ultimate holding company being Lloyds Banking Group plc) and the remaining 15% by Reliance North Kent PFI Limited, (the ultimate holding company being Reliance Trust Limited), and thus it is the directors' opinion that there is no ultimate controlling party.

Justice Support Services (North Kent) Holdings Limited, Kier Project Investment Limited, Reliance North Kent PFI Limited and Bank of Scotland Infrastructure (No 3) Limited are incorporated in the United Kingdom and registered in England and Wales.

16 Reconciliation of operating profit to net cash inflow from operating activities

	2012 £000	2011 £000
Operating profit	203	212
Change in debtors	466	154
Movement in contract receivable	1,046	851
Change in creditors	(31)	169
	<u>1,684</u>	<u>1,386</u>
Net cash inflow from operating activities	1,684	1,386

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

17 Reconciliation of Net Cashflow to Movement in Net Debt

	£000
Increase in Cash	550
Cashflow from debt & lease financing	930
Cashflow from liquid resources	-
Change in net debt arising from cashflows	<u>1,480</u>
Net debt acquired in subsidiary	-
Inception of leases	-
Currency differences	-
Movement in net debt in the year	1,480
Net Debt start of Period	<u>(34,059)</u>
Net Debt at end of period	<u>(32,579)</u>

18 Analysis of changes in net debt

	2011 £000	Cash Flow £000	2012 £000
Cash at bank and in hand	3,058	550	3,608
Term Loan	(33,189)	892	(32,297)
Subordinated loan	(3,928)	38	(3,890)
	<u> </u>	<u> </u>	<u> </u>
Net Debt	<u>(34,059)</u>	<u>1,480</u>	<u>(32,579)</u>