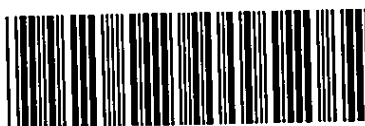


Registered Number 7109777

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

Directors' Report and Financial Statements
For the year ended 31 December 2013

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JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

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JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M T Smith N P D French K M Hill C G A McLeod P J W Prongué J P Simon
Secretary	G B Fairbank
Company Number	07109777
Registered Office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Auditor	KPMG Audit Plc, Statutory Auditor Chartered Accountants 15 Canada Square London E14 5GL

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

STRATEGIC REPORT

The Strategic report is prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013

1 Principal activities

The principal activities of the Group are the design, construction, financing, supply of certain services and maintenance of a set of Police Investigation Centres in accordance with the terms of an agreement with Norfolk and Suffolk Police Authorities. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 22 February 2010. The concession period runs for a period of 30 years from this date.

2 Business review and future developments

The Group's results are measured by the directors in comparison to the original financial model agreed as part of the financial close on 22 February 2010. The Group has completed the construction of 6 facilities at different points throughout 2011 with the final Police Investigation Centre available for service from the 7th November 2011, as per the agreed financial model. During construction FRSS was applied through the utilisation of contract debtor accounting and therefore the project incurred no profit or loss on ordinary activities before taxation. Costs incurred after full service availability, were recorded in the Profit & Loss account.

3 Principal risks and uncertainties

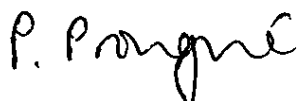
The principal risk at 31 December 2013 is interest rate risk. Interest rate risk is addressed through borrowing senior debt at a fixed rate, by means of an interest rate swap facility that was entered into on 22 February 2010 and covers the life of the loan.

4 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.

As at 31st December 2013 the Company has a historical default in place under the Credit Agreement and this is based on a high level of deductions in 2012, caused by service failures and unavailability events. The significant technical issues, that were impacting the project, have been resolved through the use of experts and the introduction of a new management team on the project. This historic default is not causing any issues in relation to the project, at present, and therefore is not deemed to be an issue. In addition, the board are currently negotiating an update to the Payment Mechanism (with the Authority and Lenders) and a Waiver from the Lenders in relation to this default. Based on the improvements in the projects operations, its strong cash balance and plans for a Waiver of this historic default, it is deemed that there are no material issues that prevent the utilisation of the going concern assumption.

By Order of the Board



Phillippa Jane Walton Prongué

Director

Date 21 March 2014

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

1 Results and dividends

The loss for the year after taxation dealt with in the financial statements is £72k

The directors do not recommend the payment of a dividend

2 Directors

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

N P D French	
K M Hill	
C G A McLeod	
J P Simon	
M T Smith	(Appointed 31 January 2013)
P J W Prongue	(Appointed 23 October 2013)
R Nuttall	(Appointed 31 January 2012 and resigned on 02 August 2013)
E L Sedlak	(Appointed 22 February 2010 and resigned 17 January 2013)
A G Bremner	(Appointed 17 January 2013 and resigned on 31 January 2013)

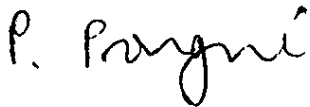
3 Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

4 Auditor

The Company's auditor, KPMG Audit Plc, has notified the Company that it is not seeking reappointment due to a planned transfer of its business to its parent entity, KPMG LLP. In accordance with Section 485 of the Companies Act, resolutions for the appointment of KPMG LLP as auditor of the Company, and to authorise the Directors to determine its remuneration, are to be proposed at the forthcoming Annual General Meeting

By Order of the Board



Philippa Jane Walton Prongué

Director

Date 21 March 2014

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic and Directors' Reports and 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements 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 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF
JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED**

We have audited the Group and Company financial statements of Justice Support Services (Norfolk and Suffolk) Holdings Limited for the year ended 31 December 2013 set out on pages 6 to 15. 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 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 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). 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/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of its Loss 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 Strategic and Directors' Reports 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 parent company 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.



Jonathan Downer
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London
E14 5GL

Date 21 March 2014

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

		2013	2012
	Note	£000	£000
Turnover	2	2,230	1,571
Cost of sales		<u>(2,073)</u>	<u>(1,460)</u>
Operating profit	3	<u>157</u>	<u>111</u>
Interest Receivable		4,943	4,923
Interest Payable	4	<u>(5,194)</u>	<u>(5,204)</u>
Loss on ordinary activities before taxation		<u>(94)</u>	<u>(170)</u>
Taxation		<u>22</u>	<u>44</u>
Loss for the financial year		<u>(72)</u>	<u>(126)</u>

A statement of movement in equity shareholders' funds is shown in note 13 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.

Under S408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The profit for the company for the year ended 31 December 2013 was £nil.


The notes on pages 9 to 15 form part of these Financial Statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

**CONSOLIDATED AND COMPANY BALANCE SHEET
As at 31 December 2013**

	Note	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Fixed asset investments					
Investment in subsidiaries – share capital	7	-	100	-	100
Current assets					
Debtors amounts falling due within one year	8	2,198	-	909	-
Debtors amounts falling due after one year	9	65,631	-	64,899	-
Cash		4,743	-	5,112	-
Total Assets		<u>72,572</u>	<u>100</u>	<u>70,920</u>	<u>100</u>
Current liabilities					
Creditors Amounts falling due within one year	10	(64,774)	-	(63,050)	-
Total assets less current liabilities		<u>7,798</u>	<u>100</u>	<u>7,870</u>	<u>100</u>
Creditors Amounts falling due after one year	11	(7,922)	-	(7,922)	-
Net (liabilities)/assets		<u>(124)</u>	<u>100</u>	<u>(52)</u>	<u>100</u>
Capital and reserves					
Called up share capital	12	100	100	100	100
Profit and loss account	14	(224)	-	(152)	-
Equity shareholders' (deficit)/funds	13	<u>(124)</u>	<u>100</u>	<u>(52)</u>	<u>100</u>

The financial statements were approved by the board on 21 March 2014 and were signed on its behalf by



Phillippa Jane Wilton Prongué
Director

The notes on pages 9 to 15 form part of these Financial Statements

Registered Number 7109777

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT
Period ended 31 December 2013

	Note	2013 £000	2012 £000
Net cash (outflow)/inflow from operating activities	18	(118)	3,534
Returns on investments and servicing of finances			
Interest received		4,943	4,923
Interest paid and bank charges		(5,194)	(5,204)
		(251)	(281)
(Decrease)/Increase in cash		(369)	3,253
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in the period		(369)	3,253
Cash inflow from changes in debt financing		1,463	628
Change in net debt resulting from cash flows		1,094	3,881
Change in net debt	19	1,094	3,881
Net debt bought forward	19	(63,187)	(67,068)
Net debt carried forward	19	(62,093)	(63,187)

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The accounting policies adopted are disclosed below

Basis of preparation

The financial statements of both the Company and the Group have been prepared under the historical cost convention and in accordance with applicable accounting standards

The consolidated financial statements included the financial statements of the Company and its subsidiary undertaking made up to 31 December 2013. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

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.

Taxation

The charge for taxation is based on the result 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 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.

2 Turnover

A margin is applied to 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 Group's sole business activity is that described in the Directors' Report, and accordingly all turnover is derived in the UK.

3. Operating profit

	2013 £000	2012 £000
Operating profit is arrived at after charging		
Auditor's remuneration		
Audit of the financial statements	11	11
Other fees and taxation	3	4
	<u>14</u>	<u>15</u>

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4 Net interest payable

	2013 £000	2012 £000
Interest payable on term loans	4,272	4,283
Interest payable on subordinated loans	871	870
Interest receivable on finance debtor	(4,930)	(4,912)
Bank charges	2	2
Amortisation of issue costs	49	49
Interest Receivable	(13)	(11)
Net interest payable	<u>251</u>	<u>281</u>

5 Directors and employees

During the year no director's fee were paid (2012 £10k)

6 Taxation

	2013 £000	2012 £000
a) Analysis of tax charge for the period		
Current tax		
Current tax (credit)/charge on (loss)/income for the period	<u>(22)</u>	<u>(44)</u>
Total current tax	<u>(22)</u>	<u>(44)</u>
b) Reconciliation of current tax (credit)/charge		
(Loss) on ordinary activities before tax	(94)	(170)
(Loss) on ordinary activities multiplied		
By the blended rate of corporation tax 23 25% (2012 25 5)	<u>(22)</u>	<u>(44)</u>
Current tax (credit)/charge for the period	<u>(22)</u>	<u>(44)</u>

c) Factors that may affect the future tax charges

A reduction in the UK corporation tax rate from 26% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. The March 2013 Budget announced that the rate will further reduce to 20% by 2015.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7 Fixed asset investments

Cost	Shares in subsidiary undertakings
	£000
Balance at 31 December 2013	100

The Company's subsidiary company, Justice Support Services (Norfolk and Suffolk) Limited was acquired on 21 December 2009 for book value and is wholly owned. The company owns 100% of the issued ordinary share capital of this company whose activity is set out in the directors' report. Justice Support Services (Norfolk and Suffolk) Limited has made a loss of £72k in the period to 31 December 2013 and its net liabilities on that date are £124k.

8 Debtors: amounts falling due within one year

	2013	2012
	£000	£000
Trade debtors	1,327	8
Prepayments and accrued income	10	79
Contract receivable	788	770
Corporation Tax	73	52
	<u>2,198</u>	<u>909</u>

9 Debtors: amounts falling due after more than one year

	2013	2012
	£000	£000
Contract receivable	65,631	64,899

10 Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Term loan	58,914	60,377
Trade creditors	61	134
Accruals	3,165	2,448
VAT	287	316
Retention	888	888
Less unamortised issue costs	(1,249)	(1,298)
Contract Debtor Control Account	2,708	185
	<u>64,774</u>	<u>63,050</u>

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The term loan of £58,913,874 is categorised as short term liability as the company was in default of the credit agreement at the balance sheet date. Legally the lenders are entitled to recall the debt in the event of default but commercially it is highly unlikely to happen.

Borrowing consists of

The term loan facility granted by Lloyds Banking Group is secured on the assets of the Group. The loan facility is for a total value of £62,906,727 of which £58,913,874 was outstanding at 31 December 2013.

The loan facility is repayable from March 2012 to March 2040.

Interest is charged on amounts drawn under the senior loan facility based on floating LIBOR plus a margin which is agreed for the term of the project. The Group has entered into a swap whose effect is to convert variable interest into fixed interest, the rate of this swap is 4.6610%.

11 Creditors: amounts falling due after more than one year

	2013	2012
	£000	£000
Subordinated loan	<u>7,922</u>	<u>7,922</u>

The Unsecured Subordinated 11% Loan Stock is held 100% by Justice Support Service (Norfolk & Suffolk) Holding Limited ultimately owned 42.5% by Kier Project Investment Limited (the ultimate holding company being Kier Group plc) and 42.5% by Uberior Infrastructure Investments Limited (the ultimate holding company being Lloyds Banking Group plc) and the remaining 15% by Reliance Norfolk and Suffolk PFI Limited, (the ultimate holding company being Reliance Corporation Limited).

The Unsecured Subordinated Loan Stock is repayable in between March 2040 and March 2041.

	2013	2012
	£000	£000
Term Loan		
Amounts repayable are due as follows		
Within one year	(58,914)	(60,377)
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	-	-
	<u>(58,914)</u>	<u>(60,377)</u>
Subordinated Loan		
Amounts repayable are due as follows		
Within one year	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	(7,922)	(7,922)
	<u>(7,922)</u>	<u>(7,922)</u>

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12 Share capital

	2013	2012
	£000	£000
Authorised, allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 Reconciliation of movements in equity shareholders' funds

	Group	Group
	2013	2012
	£000	£000
Shareholders' funds at 1 January	(52)	74
(Loss) for the period	<u>(72)</u>	<u>(126)</u>
Shareholders' (Liabilities)/Funds at 31 December	<u>(124)</u>	<u>(52)</u>

	Company	Company
	2013	2012
	£000	£000
Shareholders' funds	100	100
(Loss) for the period	<u>-</u>	<u>-</u>
Shareholders' funds at 31 December	<u>100</u>	<u>100</u>

14 Reserves

	Group	Group
	2013	2012
	£000	£000
Profit and loss account brought forward	(152)	(26)
(Loss) for the period	<u>(72)</u>	<u>(126)</u>
Profit and loss account carried forward	<u>(224)</u>	<u>(152)</u>

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Related party disclosures

During the period the company entered into transactions, in the ordinary course of business, with Kier Project Investment Limited 100% subsidiary of Kier Group plc. There were also transactions with Bank of Scotland (whose Ultimate parent company is Lloyds TSB Bank plc). The relationship with these companies is described in Note 17. Transactions entered into during the year and balances outstanding at 31 December 2013, are as follows:

	Purchases		Amounts outstanding at 31 December	
	2013	2012	2013	2012
	£000	£000	£000	£000
Kier Project Investment Limited	42	127	-	-
Reliance Secure Task Management Limited	-	1,239	-	-
Bank of Scotland	-	-	-	-
Lloyds – Term loan outstanding	-	-	58,914	60,377
	<u>42</u>	<u>1,366</u>	<u>58,914</u>	<u>60,377</u>

16 Commitments

Under the terms of a contract with Reliance Secure Task Management Limited dated 22 February 2010, the company is committed to annual payments totalling £1,486,538 (plus indexation) in respect of services to be provided during the concession period. Reliance Secure Task Management Limited was sold by Reliance Security Group Limited on the 24th August 2012 to Capita group PLC and the contract and its commitments passed to Capita Group PLC at this point in time.

17 Parent Undertakings

The share capital of Justice Support Services (Norfolk and Suffolk) Holdings Limited was held 42.5% by Kier Project Investment Limited (the ultimate holding company being Kier Group PLC) and 42.5% by Uberior Infrastructure Investments Limited (the ultimate holding company being Lloyds Banking Group PLC) and the remaining 15% by Reliance Norfolk and Suffolk PFI Limited, (the ultimate holding company being Reliance Corporation Ltd).

Justice Support Services (Norfolk and Suffolk) Holdings Limited, Kier Project Investment Limited and Reliance Norfolk and Suffolk PFI Limited are incorporated in the United Kingdom and registered in England and Wales. Uberior Infrastructure Investments Limited is incorporated and registered in Scotland.

Subsequent to the Balance Sheet date Kier Project Investment Limited purchased Reliance Norfolk and Suffolk PFI Limited's 15% shareholding in the project. Kier Project Investment Limited purchased the 15% shareholding on the 17/02/2014 and now owns 57.5% of the project. Based on the Shareholders Agreement and the contents contained therein, Kier Project Investment Limited and Uberior Infrastructure Investments Limited retain joint control of the project.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

18 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2013	2012
	£00	£000
Operating profit	157	111
Amortisation	49	49
Change in debtors falling due within 1 year	(1,268)	1,086
Movement in contract receivable falling after 1 year	(731)	1,242
Change in creditors	1,675	1,046
Net cash (outflow)/inflow from operating activities	(118)	3,534

19 Analysis of changes in net debt

	2012	Cash Flow	2013
	£000	£000	£000
Cash at bank and in hand	5,112	(369)	4,743
Term Loan	(60,377)	1,463	(58,914)
Equity Bridge/Subordinated Loan	(7,922)	-	(7,922)
Net Debt	(63,187)	1,094	(62,093)