

Registered number: 07110108

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

COMPANY INFORMATION

Directors P J Sheldrake (appointed 26 November 2015)
R L J Deeley (appointed 9 March 2016)

Company secretary D T Adams

Registered number 07110108

Registered office Welken House
10-11 Charterhouse Square
London
EC1M 6EH

Independent auditor Grant Thornton UK LLP
Chartered Accountants
Melton Street
London
NW1 2EP

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

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JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activities

The principal activities of the Company are the design, construction, financing, supply of certain services and maintenance of a number 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.

Business review and future developments

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

Operations

The Company is contracted by Norfolk and Suffolk Police Authorities for the ongoing facilities management and lifecycle of a set of Police Investigation Centres. Facilities management services are subcontracted to Tascor Services Limited; service deductions are passed down to Tascor to mitigate the risk of deductions being suffered by the Company. The Company suffered no deductions during the period that were not passed down to the facilities management subcontractor.

Performance

The Company's results are measured by the directors in comparison to an operation financial model forecasting results for the duration of the concession. The Company has operated in line with expectations in the last year.

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that all Company suppliers are made aware of the terms of payment and abide by these terms.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk and liquidity risk.

The Company has a material exposure to interest rate risk and mitigates this risk through use of an interest rate swap.

The Company's principal financial instruments comprise sterling cash and bank deposits, bank loans and shareholder loans together with trade debtors and trade creditors that arise directly from its operations. The main risks arising from the Company's financial instruments can be analysed as follows:

Price risk

The company has no significant exposure to securities price risk, as it holds no listed equity investments.

Liquidity risk

The use of a financial model mitigates liquidity risk by modelling expected cash flows throughout the life of the project. Funding requirements were assessed and arranged prior to commencement. Liquidity risk is low because cash flows are predictable and not prone to significant unexpected fluctuations.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Principal risks and uncertainties (continued)

Credit risk

The Company's principal financial assets are bank balances, cash, and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by use of a financial model which shows when payments should be received. Credit risk is low because the customer is a local authority and therefore government-backed.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The company's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The financial model dictates the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Company.

Key performance indicators

The key performance indicators for the Company are unavailability and performance deductions. The Company suffered no unavailability and minimal performance deductions during the period and performed within the restrictions imposed by project documentation. The Company performed within the parameters expected in comparison to financial model profiling and at no time breached any covenant of the project documentation.

This report was approved by the board and signed on its behalf.



R L J Deeley
Director

Date: 27/9/16

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year, after taxation, amounted to £12k (2014 - loss £25k).

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The Directors who served during the year were:

C G A McLeod (resigned 26 November 2015)
P J W Prongue (resigned 26 November 2015)
F D'Alonzo (appointed 26 November 2015, resigned 9 March 2016)
P J Sheldrake (appointed 26 November 2015)

Principal risks and uncertainties

Principal financial and operational risks and the management thereof are discussed within the strategic report.

Future developments

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

As at the balance sheet date the Company was in a net liability position of £15.8m (2014: £17.0m), largely as a result of the swap liability recognised on the statement of financial position.

The Company meets its day to day working capital requirements principally through a senior debt facility, with interest payments fixed for the term of the loan.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the annual report and accounts.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



R L Deeley
Director

Date: 27/9/16

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors are responsible for preparing the Strategic report, 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 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'. 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 for the Company financial statements 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.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

We have audited the financial statements of Justice Support Services (Norfolk and Suffolk) Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 on page 5, 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 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 Financial Reporting Council'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 Company's affairs as at 31 December 2015 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUSTICE SUPPORT SERVICES
(NORFOLK AND SUFFOLK) LIMITED**

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.

Grant Thornton UK LLP

Richard Hagley (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants

Melton Street
London
NW1 2EP

Date:

27 September 2016

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Note | 2015 £000 | 2014 £000 |
|---|------|--------------|----------------|
| Turnover | | 2,652 | 2,298 |
| Cost of sales | | (2,221) | (1,967) |
| Gross profit | | 431 | 331 |
| Administrative expenses | | (238) | (204) |
| Operating profit | | 193 | 127 |
| Interest receivable and similar income | 4 | 4,853 | 4,906 |
| Interest payable and similar charges | 5 | (5,031) | (5,045) |
| Profit/(loss) on ordinary activities before taxation | | 15 | (12) |
| Taxation on profit/(loss) on ordinary activities | 7 | (3) | (13) |
| Profit/(loss) for the financial year | | 12 | (25) |
| Other comprehensive income for the year | | | |
| Movement in cash flow hedge | | 1,512 | (10,034) |
| Taxation in respect of items of other comprehensive income | | (302) | 2,007 |
| Other comprehensive income for the year | | 1,210 | (8,027) |
| Total comprehensive income for the year | | 1,222 | (8,052) |


The notes on pages 13 to 26 form part of these financial statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED
REGISTERED NUMBER: 07110108

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

| | Note | 2015 £000 | 2014 £000 |
|---|------|-----------------|-----------------|
| Fixed assets | | | |
| Current assets | | | |
| Debtors: Amounts falling due after more than one year | 8 | 63,154 | 65,327 |
| Debtors: Amounts falling due within one year | 8 | 962 | 2,374 |
| Cash at bank and in hand | | 4,884 | 5,936 |
| | | <u>69,000</u> | <u>73,637</u> |
| Creditors: Amounts falling due within one year | 10 | (3,604) | (61,657) |
| Net current assets | | <u>65,396</u> | <u>11,980</u> |
| Total assets less current liabilities | | <u>65,396</u> | <u>11,980</u> |
| Creditors: Amounts falling due after more than one year | 11 | (81,153) | (28,959) |
| Net assets | | <u>(15,757)</u> | <u>(16,979)</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 100 | 100 |
| Cash flow hedge reserve | | (15,620) | (16,830) |
| Profit and loss account | | (237) | (249) |
| | | <u>(15,757)</u> | <u>(16,979)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


R L J Deeley
 Director

Date: 27/9/16

The notes on pages 13 to 26 form part of these financial statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Share capital £000 | Hedging reserve £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|----------------------------|------------------------------|----------------------|
| At 1 January 2015 | 100 | (16,830) | (249) | (16,979) |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 12 | 12 |
| Taxation in respect of items of other comprehensive income | - | (302) | - | (302) |
| Hedge effectiveness portion of change in fair value of designated hedge | - | 1,512 | - | 1,512 |
| Other comprehensive income for the year | - | 1,210 | - | 1,210 |
| Total comprehensive income for the year | - | 1,210 | 12 | 1,222 |
| At 31 December 2015 | 100 | (15,620) | (237) | (15,757) |

The notes on pages 13 to 26 form part of these financial statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Share capital £000 | Hedging reserve £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|----------------------------|------------------------------|----------------------|
| At 1 January 2014 | 100 | (8,803) | (224) | (8,927) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (25) | (25) |
| Taxation in respect of items of other comprehensive income | - | 2,007 | - | 2,007 |
| Hedge effectiveness portion of change in fair value of designated hedge | - | (10,034) | - | (10,034) |
| Other comprehensive income for the year | - | (8,027) | - | (8,027) |
| Total comprehensive income for the year | - | (8,027) | (25) | (8,052) |
| At 31 December 2014 | 100 | (16,830) | (249) | (16,979) |

The notes on pages 13 to 26 form part of these financial statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | 2015 £000 | 2014 £000 |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit / (loss) for the financial year | 12 | (25) |
| Adjustments for: | | |
| Interest paid | 5,031 | 5,045 |
| Interest received | (4,853) | (4,906) |
| Taxation | 3 | 13 |
| Increase in debtors | 7,017 | 662 |
| Increase in creditors | (6,869) | 2,099 |
| Corporation tax | - | (74) |
| Net cash generated from operating activities | 341 | 2,814 |
| Cash flows from investing activities | | |
| Interest received | 4,853 | 4,906 |
| Net cash from investing activities | 4,853 | 4,906 |
| Cash flows from financing activities | | |
| Repayment of loans | (1,215) | (1,482) |
| Interest paid | (5,031) | (5,045) |
| Net cash used in financing activities | (6,246) | (6,527) |
| Net (decrease) / increase in cash and cash equivalents | (1,052) | 1,193 |
| Cash and cash equivalents at beginning of year | 5,936 | 4,743 |
| Cash and cash equivalents at the end of year | 4,884 | 5,936 |
| Cash at bank and in hand | 4,884 | 5,936 |
| | 4,884 | 5,936 |

The notes on pages 13 to 26 form part of these financial statements.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

Justice Support Services (Norfolk and Suffolk) Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. Monetary amounts are rounded to the nearest £'000.

Information on the impact first-time adoption of FRS 102 is given in note 17.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Service concession arrangements –The Company entered into its Service concession arrangement before the date of transition to this FRS. Therefore its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The Company has taken the following financial instrument disclosure exemptions:

1. Categories of financial instruments;
2. Items of income, expenses, gains or losses relating to financial instruments;
3. Exposure to and management of financial notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

1.2 Going concern

As at the balance sheet date the Company was in a net liability position of £15.8m (2014: £17.0m), largely as a result of the swap liability recognised on the statement of financial position.

The Company meets its day to day working capital requirements principally through a senior debt facility, with interest payments fixed for the term of the loan.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the annual report and accounts.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the following:

- revenues from the provision of facilities management services;
- non-core facility recharges being recovered for ad hoc services delivered at the request of the client; and
- service income for the provision of available school facilities.

All amounts arose entirely in the UK and are shown net of any sales tax.

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.7 Hedge accounting

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.8 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Current and deferred taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) At fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.11 Financial asset

The assets of the Company fall under Service Concession Arrangements by virtue of the fact that the public sector customer ("Grantor") passes both elements of the asset control test:

i) The Grantor controls the use of the asset via the project agreement and all service level requirements contained therein;

ii) The Grantor controls the entitlement to residual asset proceeds via an entitlement to purchase the asset prior to an offer to the open market which can be exercised at the Grantor's discretion. Under section 34 of FRS 102, such assets should be capitalised into a financial asset attributed to the provision of services, when there is an unconditional contractual right to receive cash or another financial asset from the Grantor. After initial recognition, the financial asset is accounted for in accordance with section 11 of FRS 102.

Pursuant to section 23 of FRS 102, revenue associated with the financial asset comprises service income related to facilities management, lifecycle maintenance and other administrative running costs of the Company.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are as follows:

Key sources of estimation uncertainty

Financial Asset Interest Rate - The financial asset interest income is based on the weighted average cost of capital of the project and is applied to the carrying value of the Financial Asset on a quarterly basis. The interest rate used is 7.39% per annum.

Service Margin – revenue on facilities management and other operating costs is recognised at cost plus an estimated mark up. The service margin rate used in 2015 is 8.05% per annum.

Fair value of interest rate swaps - the fair value of interest rate swaps is determined by reference to mark-to-market valuations provided periodically by the senior lender.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. Auditor's remuneration

| | 2015 £000 | 2014 £000 |
|---|----------------------|----------------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | <u>10</u> | <u>11</u> |
| | <u>10</u> | <u>11</u> |

4. Interest receivable

| | 2015 £000 | 2014 £000 |
|---------------------------------------|----------------------|----------------------|
| Interest receivable on finance debtor | 4,836 | 4,887 |
| Other interest receivable | <u>17</u> | <u>19</u> |
| | <u>4,853</u> | <u>4,906</u> |

5. Interest payable and similar charges

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Interest payable on term loans | 4,025 | 4,124 |
| Interest payable on subordinated loans | 956 | 871 |
| Bank charges | 1 | 1 |
| Amortisation of issue costs | <u>49</u> | <u>49</u> |
| | <u>5,031</u> | <u>5,045</u> |

6. Employees

During the year no director's fees were paid (2014: £nil).

The company has no employees (2014: nil).

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7. Taxation

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Corporation tax | | |
| Current tax on profits for the year | 3 | - |
| Adjustments in respect of previous periods | - | 74 |
| | <u>3</u> | <u>74</u> |
| Total current tax | <u>3</u> | <u>74</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (61) |
| Total deferred tax | <u>-</u> | <u>(61)</u> |
| Taxation on profit on ordinary activities | <u>3</u> | <u>13</u> |

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

| | 2015 £000 | 2014 £000 |
|---|----------------------|----------------------|
| (Loss)/profit on ordinary activities before tax | <u>15</u> | <u>(12)</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%) | 3 | (3) |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | - | 74 |
| Changes in provisions leading to an increase (decrease) in the tax charge | - | (61) |
| Unrelieved tax losses carried forward | - | 3 |
| Total tax charge for the year | <u>3</u> | <u>13</u> |

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. Debtors

| | 2015 | <i>As restated</i> |
|-------------------------------------|----------------------|--------------------|
| | £000 | 2014 |
| | | £000 |
| Due after more than one year | | |
| Financial asset | 59,187 | 61,059 |
| Deferred tax asset | 3,967 | 4,268 |
| | 63,154 | 65,327 |
| | <u>63,154</u> | <u>65,327</u> |
| | | |
| | 2015 | <i>As restated</i> |
| | £000 | 2014 |
| | | £000 |
| Due within one year | | |
| Trade debtors | - | 1,341 |
| Prepayments and accrued income | 10 | 10 |
| Financial asset | 952 | 1,023 |
| | 962 | 2,374 |
| | <u>962</u> | <u>2,374</u> |

In the prior year, the unitary charge control account balance has been netted off against the financial asset.

9. Deferred taxation

| | Deferred tax |
|---------------------------------------|---------------------|
| | £000 |
| At 1 January 2015 | 4,269 |
| Charged to other comprehensive income | (302) |
| At 31 December 2015 | 3,967 |
| | <u>3,967</u> |

The deferred tax asset is made up as follows:

| | 2015 | 2014 |
|--|---------------------|--------------|
| | £000 | £000 |
| Deferred tax on derivative financial instruments | 3,967 | 4,269 |
| | <u>3,967</u> | <u>4,269</u> |

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. Creditors: Amounts falling due within one year

| | 2015 | <i>As restated</i> |
|------------------------------|--------------|--------------------|
| | £000 | 2014 |
| | | £000 |
| Bank loans | 1,262 | 56,183 |
| Trade creditors | 90 | 212 |
| Corporation tax | 3 | - |
| Taxation and social security | 437 | 350 |
| Other creditors | - | 888 |
| Accruals and deferred income | 1,812 | 4,024 |
| | <u>3,604</u> | <u>61,657</u> |

Accruals and deferred income in the prior year included the unitary charge control account balance which has now been netted off against the financial asset.

11. Creditors: Amounts falling due after more than one year

| | 2015 | 2014 |
|------------------------------------|---------------|---------------|
| | £000 | £000 |
| Bank loans | 53,706 | - |
| Amounts owed to group undertakings | 7,922 | 7,922 |
| Fair value of Swap | 19,525 | 21,037 |
| | <u>81,153</u> | <u>28,959</u> |

Secured loans

The term loan facility granted by Bank of Scotland Plc is secured on the assets of the Company. The loan facility is repayable from March 2012 to March 2040 with all required payments having been made to date. As at 31 December 2015 £56,118,902 (2014: £57,383,053) of the term loan was outstanding with unamortised debt issue costs of £1,151,385 (2014: £1,200,207) netted against this balance.

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 Company has entered into a swap whose effect is to convert variable interest into fixed interest; the rate of this swap is 4.661%.

Unsecured loans

The Unsecured Subordinated 11% Loan Stock is held 100% by Justice Support Service (Norfolk & Suffolk) Holding Limited owned 100% by Equitix Infrastructure 3 Limited.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. Loans

| | 2015 £000 | 2014 £000 |
|--|----------------------|----------------------|
| Term loan: Amounts repayable are due as follows: | | |
| Within one year | 1,262 | 57,383 |
| In more than one but no more than two years | 1,131 | - |
| In more than two but no more than five years | 4,036 | - |
| In more than five years | 49,690 | - |
| Unamortised debt issue costs | (1,151) | (1,200) |
| | <u>54,968</u> | <u>56,183</u> |
| | 2015 £000 | 2014 £000 |
| Subordinated loan: Amounts repayable are due as follows | | |
| Within one year | - | - |
| In more than one but no more than two years | - | - |
| In more than two but no 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) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. Financial instruments

| | 2015 | 2014 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Financial assets | | |
| Financial assets measured at amortised cost | 60,139 | 62,082 |
| | 60,139 | 62,082 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (64,792) | (69,229) |
| Derivative financial instruments designated as hedges of variable interest rate risk | (19,525) | (21,037) |
| | (84,317) | (90,266) |

Financial assets measured at amortised cost comprise service concession financial assets.

Financial Liabilities measured at amortised cost comprise bank loans, trade and other creditors, accruals and deferred income and loan notes.

Derivative financial instruments designated as hedges of variable interest rate risk comprise an interest rate swap. The fair value of the interest rate swap has been determined by reference to prices available from the markets on which the instruments involved are traded.

14. Share capital

| | 2015 | 2014 |
|---|-------------|-------------|
| | £000 | £000 |
| Allotted, called up and fully paid | | |
| 100,000 Ordinary shares of £1 each | 100 | 100 |

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative movements in fair value of fixed interest swaps, to the extent that the hedge is effective.

16. Parent undertakings

As at 31 December 2015 the company was a wholly owned subsidiary of Justice Support Services (Norfolk and Suffolk) Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

On 26 November 2015, Equitix Infrastructure 3 Limited acquired the entire share capital of Justice Support Services (Norfolk and Suffolk) Holdings Limited.

The Company's ultimate parent and controlling entity is Equitix Fund III LP, an English limited partnership, registered at Welken House, 10-11 Charterhouse Square, London, EC1M 6EH.

JUSTICE SUPPORT SERVICES (NORFOLK AND SUFFOLK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. First time adoption of FRS 102 (continued)

| | <i>As previously stated 31 December 2014 £000</i> | <i>Effect of transition 31 December 2014 £000</i> | FRS 102 (as restated) 31 December 2014 £000 |
|--|---|---|--|
| Note | | | |
| Turnover | 2,298 | - | 2,298 |
| Cost of sales | - | (1,967) | (1,967) |
| | <u>2,298</u> | <u>(1,967)</u> | <u>331</u> |
| Administrative expenses | (2,171) | 1,967 | (204) |
| | <u>127</u> | <u>-</u> | <u>127</u> |
| Operating profit | 127 | - | 127 |
| Interest receivable and similar income | 4,906 | - | 4,906 |
| Interest payable and similar charges | (5,045) | - | (5,045) |
| Taxation | (13) | - | (13) |
| | <u>(25)</u> | <u>-</u> | <u>(25)</u> |
| Loss on ordinary activities after taxation and for the financial year | | | |

Explanation of changes to previously reported profit and equity:

- 1 The derivatives held by the entity, being an interest rate SWAP and contract, has now been recognised on the balance sheet at fair value under FRS 102. This has been accounted for as a cash flow hedge and therefore been recognised in a separate cash flow hedge reserve.
- 2 Deferred tax asset has been recognised on the fair value of the SWAP arrangements. This has been recognised within current assets and movements on the deferred tax is taken to the cash flow hedge reserve.
- 3 The unitary charge control account which was previously included as a separate balance within creditors has been netted off the financial asset as a prior year reclassification.