GEO Amey PECS Limited

Directors' report and financial statements

for the year ended 31 December 2019

Registered number 07556404

Contents

Company registration number:	07556404
Registered office:	Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB
Directors:	Zoley, George,C. Evans, Brian, R. Martin, Amber, D Donahue, James, D Ghafoor, Asif, (resigned 13th March 2020) Schiller, Kyle, P Ward, Richard, J Fisher, Amanda, L (resigned 15th January 2020) McGilvray, Craig, (Appointed 8th April 2020 Voase, Andy, (Appointed 11th May 2020)
Secretary:	Sherard Secretariat Services Limited. Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB
Bankers:	HSBC Bank plc 62-76 Park Street London SE1 9DZ
Auditor:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Directors' report

The Directors present their report together with the financial statements of the Company for the year ended 31 December 2019.

Principal activity

The Company, which was incorporated on 8 March 2011, is a joint venture company between The GEO Group Limited and Amey Community Limited.

The principal activity of the Company is to deliver prisoner escort and custody services across Scotland, England and Wales.

GEOAmey brings a progressive approach to the provision of UK justice services drawing on expertise as an international leader in custodial care and the management of complex logistics. Our innovative logistical solutions supported by advanced technology are driving safe, secure, and more efficient prisoner movements.

The Company's financial risk management policies and procedures are included within the Strategic report on pages 8 to 11.

Results and dividends

The trading results in the attached financial statements represent the results of the Company for the year ended 31 December 2019.

A dividend of £6,000,000 was proposed and paid during the period (2018: £nil).

Future outlook and going concern

The Company's performance in the twelve month period, its strategy and the main risks affecting its business performance are set out on pages 8 to 11. Its financial position, cash flows and the financial facilities available to it are described in the financial statements which follow. A review of the business, including statement of the Company's objectives, strategy, principal risks and uncertainties and the financial risk management objectives and policies is now included in the Strategic Report, available on pages 8 to 11.

The Directors have reviewed cash flow forecasts to December 2021 to make their assessment of going concern. These forecasts indicate that the cash flows generated over the period, in addition to the contribution from the Prisoner Escort Services 4 (PECS4) contract combined with the recovery into profit of the Scottish Court Custody and Prisoner Escorting Service (SCCPES) contract on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners will allow the Company to settle its liabilities as they fall due. Therefore, the going concern basis has been adopted in the financial statements for the year ended 31 December 2019.

As part of the assessment of the going concern status of the Company, The Directors have considered the impact of COVID-19 on the business and can conclude that the business is a going concern. There are two key factors which are relevant :

- GEOAmey negotiated an amendment to the SPS contract which enables GEOAmey to receive revenue over and above the variable element as agreed in the contract should service volume drop below a specified level. This agreement enables GEOAmey to achieve profitability during the Covid-19 pandemic, maintain service levels and not be in a position where it is necessary to furlough staff members. This is noteworthy as this agreement is over and above the initial contractual requirements from the SPS. GEOAmey has a comprehensive strategic plan for the Scotland contract to revert to consistent and long term profitability to maintain a return on the initial investment and future profitability.
- The PECS4 contract, which commenced on 29th August 2020 has variable revenue elements however these have a specified minimum value. Given the reduced volume GEOAmey has deferred recruitment until later in the calendar year. As a result, we anticipate making cost savings greater to the expected revenues at the beginning of the PECS4 contract, making the contract more profitable during the COVID-19 period until volumes normalise.

Directors' report (Continued)

Overall the latest forecast for GEOAmey full year for 2020 is expected to generate profits which is in excess of the current year's results and continue to trade profitably into 2021.

Directors

The directors who served the company during the year were:

Zoley, George C.
Evans, Brian R.
Martin, Amber D
Donahue, James D
Ghafoor, Asif (resigned 13th March 2020)
Schiller, Kyle P
Ward, Richard J
Fisher Amanda L (resigned 15th January 2020)
McGilvray Craig (Appointed 8th April 2020
Voase Andy (Appointed 11th May 2020)

Charitable and political contributions

The Company made charitable contributions to Thin Blue Line and Police Scotland National Recognition Award, totalling £5,250 (2018: £6,450). No political contributions were made during the year.

Employment policy

Diversity
Our aim is to ensure that no job applicant, employee or former employee receives less favorable treatment on the grounds of colour, race, nationality, ethnic or national origin, religious belief, sex, sexual orientation, marital status, age or because of unlawful discrimination relating to disability.

Disabled employees
The Company considers applications for employment from disabled persons where the disabled person may adequately cover the requirements of the job. Disabled persons are employed under the normal contract terms and conditions. Career development and promotion is provided wherever appropriate.

Employee engagement
It is Company policy to communicate with and involve all employees, subject to commercial and practical limitation, in matters affecting their interests at work and to inform them of the performance of their Company.

Payment policy and practice

The Company recognises the importance of good relationships with its suppliers and subcontractors. Although the Company does not follow a particular code or standard on payment practice, its payment policy is to:

- Agree payment terms in advance of any commitment being entered into
- Ensure suppliers are made aware of these terms by inclusion of the terms of payment on the order or contract
- Make payments in accordance with the terms, wherever possible, providing that the documentation presented is complete and accurate.

Trade and other payables at the end of the year amounted to £12.6m. (2018: £9.2m)

Directors' report (Continued)

Directors' Indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company and was in force during 2019 financial year.

Post Balance Sheet Events

In January 2020, the World Health Organization declared the outbreak of coronavirus (Covid-19) to be a public health emergency of international concern and subsequently in the United Kingdom, the coronavirus pandemic led to a national shutdown from 23rd March which included restricted movement for all individuals and resulted in unprecedented social and economic disruption.

The Company has been able to mitigate the impact of Covid-19, as a result of the commercial construct of the PECS3 and PECS4 contracts for England and Wales and the agreement of a Covid-19 relief agreement for the Scotland Contract. In addition, the potential of a second wave of Covid-19 is mitigated by the agreement of a contract amendment for the Scotland contract, which negates the financial and operational impact of significantly reduced volumes. Potential delays due to Covid-19 effecting the mobilisation of the PECS4 contract will not result in any commercial or financial impact to the Company.

The PECS3 contract for England and Wales ceased on the 28th August 2020, and entailed exiting from our current operations in the south, the TUPE transfer of c. 700 employees to Serco UK. On the 29th August 2020, the new 10 year, PECS4 contract for England and Wales commenced, following a 10 month mobilisation programme. There is no adverse impact on the Company's financial position as a result of the mobilisation, which costs offset by specific contractual payments from the client. As part of the mobilisation process, the decision was taken to invest £1.3m in the current Manchester site, instead of relocating and leasing a new property. This investment will be paid for out of operational cash flows without any risk to the liquidity of the business.

The Company has assessed that the above are non-adjusting post balance sheet events. With the exception the events described, no other post balance sheet events affecting the financial statements or related disclosures have occurred to date.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic 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 International Financial Reporting Standards as adopted by the European Union (IFRSs). 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 judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

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.

Directors' report (Continued)

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 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 Company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

C. McGilvray

Craig McGilvray
Director

Date: 18 November 2020
Company Registration Number: 07556404

Strategic report

Introduction

The objectives of this report are to provide shareholders and other users of these statements:
- with the appropriate level of background context for these financial statements
- with an analysis of the entity's past performance; and
- insight into the entity's main objectives and strategies and the principal risks it faces and how they might affect future performance.

The Company's Objectives

The main business objective is delivering a sustainable, responsible and profitable business by delivering:
- A progressive approach to the provision of UK justice services drawing on expertise as an international leader in custodial care and the management of complex logistics.

The Company's Strategy

The Company's strategy is to:
- Continue to ensure the business is delivering an exceptional level of service to its customer
- Maintain the current levels of profitability and improve the profitability in the future
- Monitor and maintain control over all costs to maintain a profitable position.

Business review

The Company, which was incorporated on 8 March 2011, is a joint venture company between The GEO Group Limited and Amey Community Limited. The principal activity of the Company is to deliver prisoner escort and custody services across England and Wales.

During the year, the Company generated:

- Revenue of £119.8m (2018: £91.4m) and
- Operating profit before depreciation and amortisation ("EBITDA") of £20.5m (2018: £4.9m)
- Profit before tax of £8.3m (2018: £4.2m)

The material increase in revenue as a business was due to the implementation of the SPS contract, which generated £25.8m of additional revenue. Turnover for the year was in line with Board expectations due to the impact of additional revenue for the extension of the PECS contract and the positive conclusion of a number of commercial matters. The business incurred significant operating losses in year one of the SCCPES contract (consistent with the commencement of PECS3), this has been addressed during 2020 following the implementation of a management restructure, cost reduction process and commercial renegotiation. As a result of the actions taken, the losses on the Scotland contract are forecasted to be significantly reduced in 2020 and generating a profit from 2021 onwards.

Financial Statements for financial year 2019 includes adoption of reporting requirement for IFRS16, which for the Company encompasses accounting for property and operational vehicle leases. The Company has used the modified retrospective approach to transition meaning that the prior years have not been restated for IFRS16 and, therefore, the current vs prior year numbers are not entirely comparable.

Strategic report (continued)

Business Development

GEOAmey has been successful in winning the Prisoner Escort and Custody Services (PECS) Generation 4 contract. This is a ten-year contract. The expectation is that this contract will generate £595.6m of revenue over the 10 year period with a sustainable profit margin level. Under the previous PECS 3 contract GEOAmey completed Prisoner Escort Services on behalf of the Ministry of Justice's for three of the four regions, however the next generation of the contract dictated that GEOAmey could only bid for one lot (the equivalent of two of the current regions), which was successfully won in the North, securing GEOAmey's future. The contract commenced on 29 August 2020 and is expected to deliver annual revenues of £59.6m annual revenues, the contract is for ten years, with no option to extend.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to several risks. The revenue level of the Company is reliant on the transportation of prisoners and therefore any changes in the level of demand and activity will directly impact the business revenue. For PECS this risk is relatively low, as we have been profitably operating, as cost management has enabled profitability growth as we are in the lowest point of revenue. Scotland however has more risk as approximately half of the revenue is based on variable measures, so changes in demand will impact on the revenue position. In light of this, management continue to manage both fixed and variable costs to ensure an adequate return is received.

In addition to this, a principal risk of the business exists in the ability to attract and retain experienced personnel. The business operates in a competitive market where the quality of personnel is important to the delivery of the service. These individuals are a major factor in the success of the business. Regular reviews of the personnel and their performance are carried out within the Company's procedures which identify if additional training is required. All members of staff are required to successfully complete the Ministry of Justice's vetting process, which is done on a regular basis.

The SCCPES contract has made a loss in year one as a result of inherited inefficiencies within the working practices of the business, resulting in higher staffing and overtime costs and Service Penalties. The action plan implemented during 2020 has addressed all aspects of the business, resulting in reductions in the cost base, overtime levels and service penalties. This combined with reduced headcount, management restructure and improved service levels, has delivered the improvement sort. The overall outcome of the action plan will be significantly improved results in 2020 and profitability in 2021; which is a trend consistent with the first three years of the PECS3 contract.

Given GEOAmey has secured the PECS4 contract, guaranteeing the continuation of the PECS business there is no longer a risk from a business continuity perspective, as this contract secures GEOAmey's position for the next ten years.

Key performance indicators

In addition to reviewing the financial information presented within the financial statements, the Directors also monitor a number of other non-financial measures. These include operational KPI's, Labour statistics, health & safety reports and compliance reporting. Certain of these KPI's are shared with both employees and customers (service level targets achieved). Service measures are a key component of the SCCPECS contract and are regularly monitored on a monthly basis and improvements measured via operational action plans to work towards continual improvement.

Strategic report (continued)

Disclosure under S172 of the Companies Act

The Directors of GEOAmey PECS Limited have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for its members as a whole. In doing so, the Directors' have considered (amongst other matters):

i. the likely consequences of any decision in the long term,
ii. the interests of the company's employees,
iii. the need to foster the company's business relationships with suppliers, customers and others,
iv. the impact of the company's operations on the community and the environment,
v. the desirability of the company maintaining a reputation for high standards of business conduct, and
vi. the need to act fairly as between members of the company.

The Company's contracts with its customers are both multi-year agreements which necessitate a long-term view over the impact of any commercial and operational decisions. When considering the impact of the Company on its wider stakeholders, the Directors' discharge their duty in the following way:

People

Our people are fundamental to the long-term success of the Company and the Directors are dedicated to ensuring they are provided with the skills and opportunities to succeed and develop. The Directors continue to invest in making the company a desirable place to work and are currently part-way through an investment programme across a number of locations which includes the construction of a new Head Office in Manchester. The Company provides all employees with regular updates about the business and matters which affect them through a number of different channels to enable everyone to contribute to the wider success of the business.

Business relationships

The Company is dedicated to providing its customers with the highest standard of service and operates in a transparent and collaborative way to achieve high levels of satisfaction. During the financial year we were pleased to commence our delivery of the SCCPES contract in Scotland and successfully tender for the PECS4 in England and Wales.

The Company is committed to working fairly with its suppliers and pays promptly, in-line with the terms agreed at the outset of the contract. We hold periodic review meetings with all key suppliers to promote effective relationships.

The community and wider environment

The nature of the Company's business is fundamental to the UK's justice system and GEOAmey is proud to provide such a vital public service to wider society. We are committed to creating sustainable, long-term opportunities in our communities and our strategy takes into account the impact of the Company's operations on the surrounding community and environment. We have also supported a number of charities in the year.

Financial risk management objectives and policies

The Company uses various financial instruments; historically these include loans, cash and items, such as trade receivables and trade payables that arise directly from its operations. In addition there are assets that have been leased under finance leases. The main purpose of these financial instruments is to raise finance for the Company's operations and manage its working capital requirements.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Strategic report (continued)

Interest rate risk

The Company had repaid the shareholder loans in the previous year and has no outstanding loan balance. All other financing agreements are at a fixed rate of interest

Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 90-day projection. Long-term liquidity needs are identified as part of the forecasting and reporting process. The Company maintains cash to meet its liquidity requirements for up to 30-day periods. The PECS4 contract which commenced in August 2020 includes extended payment terms compared to PECS3, which will result in a one month delay in receipt of cash compared to the previous contract. Any risk associated with payment at the start of a new contract is mitigated by the level of fixed income and actions taken in advance of contract go-live to secure the payment process. During 2019 and 2020, actions have been undertaken to improve the first time accuracy of invoicing on the Scotland contract resulting in an improved cash flow profile compared to the initial six months of the contract.

The Company had a cash balance of £4.5m at 31 December 2019 (2018 £3.8m).

Credit risk

The Company's principal financial assets are cash and trade debtors. All financial assets of the Company, except cash in hand, are subject to credit risk. The key management team continue to closely monitor bank credit worthiness. The Company is exposed to major concentration of credit risk however is not considered material due to the credit worthiness of the customer.

Craig McGilvray
Director
Date: 18 November 2020

Independent auditor's report to the members of Geo Amey PECS Limited

Opinion

We have audited the financial statements of Geo Amey PECS Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Geo Amey PECS Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 6 to 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Geo Amey PECS Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Grant Thornton UK LLP

Stuart Muskett
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
18 November 2020

Statement of Comprehensive Income
for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Revenue	2	119,809	91,413
Cost of sales		(88,329)	(75,473)
Gross profit		31,480	15,940
Administrative expenses		(3,750)	(2,880)
Staff costs		(1,876)	(1,576)
Depreciation	9	(10,789)	(844)
Impairment loss on financial asset	9	(159)	-
Other operating expenses		(5,329)	(6,613)
Total expenses		(21,903)	(11,913)
Operating profit	3	9,577	4,027
Interest payable	7	(1,352)	(51)
Interest receivable	6	39	230
Profit before tax		8,264	4,206
Taxation	8	(1,597)	(1,230)
Profit for the year from continuing operations		6,667	2,976
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the owners		6,667	2,976

The accompanying accounting policies and notes on pages 19 to 38 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2019

	Share capital	Profit and loss account	Total equity attributable to owners of parent
	£000	£000	£000
Balance at 1 January 2018	-	4,300	4,300
Profit for the year	-	2,976	2,976
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,976	2,976
Balance at 31 December 2018	-	**7,276**	**7,276**
Balance at 1 January 2019	-	**7,276**	**7,276**
Dividend Payments		**(6,000)**	**(6,000)**
Profit for the year	-	**6,667**	**6,667**
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**6,667**	**6,667**
Balance at 31 December 2019	-	**7,943**	**7,943**

The accompanying accounting policies and notes on pages 19 to 38 form an integral part of these financial statements.

Statement of Financial Position
as at 31 December 2019

	Note	31st December 2019 £000	31st December 2018 £000
Non-current assets			
Property, plant and equipment	9	**21,796**	**1,970**
Deferred tax assets	11	**390**	**330**
Long term receivables	10	**1,421**	**931**
		23,607	**3,231**
Current assets			
Trade and other receivables	12	**14,171**	**11,513**
Cash and cash equivalents		**4,499**	**3,758**
		18,670	**15,271**
Total assets		**42,277**	**18,502**
Current liabilities			
Trade and other payables	13	**(12,611)**	**(9,204)**
Lease liabilities	14	**(8,138)**	**(772)**
Provisions	15	**(517)**	**-**
		(21,266)	**(9,976)**
Non-current liabilities			
Provisions	15	**(259)**	**(789)**
Lease liabilities	14	**(12,809)**	**(461)**
		(13,068)	**(11,226)**
Total liabilities		**(34,334)**	**(11,226)**
Capital and reserves			
Share capital	17	**-**	**-**
Profit and loss account		**7,943**	**7,276**
Total equity		**7,943**	**7,276**
Total equity and liabilities		**42,277**	**18,502**

These financial statements were approved by the Board of Directors on 18 November 2020 and were signed on its behalf by:

Brian Evans - *Director*
Company Registration Number: 07556404

Statement of Cash Flows
for the year ended 31 December 2018

	2019	2018
	£000	**£000**
Cash flows from operating activities		
Profit for the year	**6,667**	**2,976**
Adjustments for:		
Depreciation	**10,789**	**844**
Impairments	**159**	**-**
Financial income	**(39)**	**(230)**
Financial cost	**1,344**	**51**
Taxation	**1,597**	**1,230**
Tax Paid	**-**	**(296)**
Cash flows from operating activities before changes in:	**20,517**	**4,575**
(Increase)/decrease in trade and other receivables	**(2,658)**	**(187)**
Increase in trade and other payables and provisions	**1,429**	**618**
Increase in long term receivables	**(490)**	**(931)**
Cash generated from operations	**18,798**	**4,075**
Cash flows from investing activities		
Purchase of property, plant and equipment	**(874)**	**(2,242)**
Proceeds on the disposal of property, plant and equipment	**200**	**-**
Net cash used in investing activities	**(674)**	**(2,242)**
Cash flows from financing activities		
Dividends Paid	**(6,000)**	**-**
Proceeds from borrowings	**-**	**1,233**
Repayment of capital element of loans and leasing liabilities	**(10,078)**	**(2,500)**
Interest received	**39**	**230**
Interest paid	**(1,344)**	**(51)**
Repayment of amounts owed to related parties	**-**	**(405)**
Net cash used in financing activities	**(17,383)**	**(1,493)**
Net increase in cash and cash equivalents	**741**	**340**
Cash and cash equivalents at start of period	**3,758**	**3,418**
Cash and cash equivalents at 31 December 2019	**4,499**	**3,758**

The accompanying accounting policies and notes on pages 19 to 38 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Nature of operations

The Company is dedicated to providing its customers with the highest standard of secure transportation for the escort of prisoners between secure locations. The Company is further engaged in providing custodial services within the court's custody suites and the court docks.

Going Concern

The Company's performance in the twelve month period, its strategy and the main risks affecting its business performance are set out on pages 8 to 11 of these financial statements. Its financial position, cash flows and the financial facilities available to it are described in the financial statements which follow.

The Directors have reviewed cash flow forecasts to December 2021 to make their assessment of going concern. These forecasts indicate that the cash flows generated over the period, factoring in the contribution from the Prisoner Escort Services 4 (PECS4) contract combined with the recovery into profit of the Scottish Court Custody and Prisoner Escorting Service (SCCPES) contract on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners will allow the Company to settle its liabilities as they fall due.

The Directors have also further considered the impact of the global Covid-19 pandemic on these forecasts and note that the Company has not been impacted adversely by this event due to the commercial construct of the agreements in place for England and Wales and the implementation of a Covid relief agreement and subsequent amendments to the commercial agreement for the Scotland contract.

Consequently, the Directors have concluded that the Company has adequate resources to continue trading for the foreseeable future and they therefore have adopted the going concern basis of preparation when preparing the financial statements.

General information and statement of compliance with IFRS

The Company is a limited liability company incorporated in England and domiciled in the United Kingdom. Its registered office is Chancery Exchange, 10 Furnival Street, London, United Kingdom, EC4A 1AB and its principal place of business is Unit A Redwing Centre, Mosley Road, Manchester. The Company's shares are privately held.

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are presented in pounds sterling, the functional currency, rounded to the nearest thousand, are prepared on the Going Concern basis and under the historical cost convention. The measurement bases and principal accounting policies of the Company are set out below.

The Directors have reviewed the accounting policies and consider that they are appropriate for the Company.

New or revised standards or interpretations

New standards adopted as 1 January 2019l

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

1 Accounting policies (continued)

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 5.5%

New IFRS Standards and Description Interpretations issued but not yet effective

There are no standards in issue not yet effective, which are expected to have a material impact upon the financial statements.

Revenue
Revenue consists of services provided to two customers, the Ministry of Justice for prisoner escort and custodial services in Great Britain and the Scottish Court Custody and Prisoner Escorting Service (SCCPES) contract on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners. Revenue is recognised as a performance obligation satisfied over time over the life of a contact. Revenue is recognised on an output basis, as the transfer of economic benefit depends on the value transferred relative to the remaining services promised under the contract.

If the company satisfies a performance obligation before it receives the consideration from the customer, it recognises a receivable in its statement of financial position. Contract assets relate to trade receivables for services rendered, which have been agreed with the customer and are due to be paid within 30 days. There are no significant judgements involved in determining these receivables.

The company recognises assets in respect of costs incurred in fulfilling contracts with customers where this is permitted by IFRS 15. These assets are amortised over the lives of the contracts as disclosed in note 8. The company recognises an asset relating to the costs incurred to fulfil a contract where they are not within the scope of another accounting standard and where they meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the company can specifically identify;
- The costs generate or enhance resources of the company that will be used in satisfying performance obligations in the future; and
- The costs are expected to be recovered

1 Accounting policies (continued)

Financial Instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments (of which none were held by the company in either the current or prior year), are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

In the periods presented the company did not have any financial assets designated and FVTPL or FVOCI.

The classification is determined by both:

- The company's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest payable or interest receivable except for the impairment of trade receivables which is presented within other operating expenses when required.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. No financial liabilities were designated at fair value through profit or loss in the periods presented.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges that are reported in profit or loss are included within interest payable.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Profit and loss account" represents retained profits and losses.

All transactions with owners of the company are recorded separately within equity.

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Property, Plant & Equipment

The Company measures all items of PPE at cost across both classes; Furniture, fixtures, fittings and equipment; and Motor Vehicles. All assets are depreciated on a straight line basis, where assets unless identified as having a shorter useful life are depreciated to the end of the initial contracted period 28th August 2020 on a straight line basis for assets utilised on the PECS Contract. For Assets utilised for the SPS contract these are amortised over the life of the contract (8 years) to 25th January 2027

Current Net Book Value as at the 31st December 19 is £21,524,000 reflecting an increase in asset values following full implementation of IFRS16.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. The gain or loss arising from the sale or revaluation of held for sale assets is included in "other income" or "other expense" in profit or loss.

There have been disposals of vehicle assets in the year, with total proceeds of £200,000 for these assets.

Impairment

On an annual basis management assess whether indicators of impairment are present. If such indicators are identified a formal impairment assessment will be performed in line with IAS 36. For assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

For the year ended 31st December 2019 Impairment losses of £159,064 have been recognised within the income statement. This loss is in relation to a loss on disposal of vehicle assets reflective in PPE (Note 8)

1 Accounting policies (continued)

Leased assets

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of
- the contract the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero

Accounting policy prior to 1 January 2019

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

1 Accounting policies (continued)

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax liabilities and assets are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to other comprehensive income in which case the related deferred tax is also charged or credited to other comprehensive income.

Accounting estimates and judgements

The preparation of these financial statements in accordance with IFRS as adopted by the EU requires management to make judgements and estimates that affect the amounts of the reported assets and liabilities and the reported amounts of revenues and expenses each period. Management believes that the judgements and estimates employed in preparing these financial statements are reasonable but the actual results may differ from the estimates made, requiring adjustments to the financial statements in future periods. The areas where the most significant judgements and estimates arise are described below.

Accounting Judgements

Deferred tax assets

Significant judgement has been applied in determining the likely recoverability of the deferred tax asset as this is dependent on the generation of future taxable profits. The current recognised deferred tax amounts to £390,000 which has increased by £60,000 from prior year position (restated).

Mobilisation Long Term Receivable

The company recognises as an asset the incremental cost of fulfilling a contract with a customer if the company expects to recover those costs, in accordance with IFRS 15 'Revenue from contracts with customers'. These costs are those which the company incurs that it would not have incurred if the contract had not been obtained. If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the company recognises an asset from the costs incurred to fulfil the contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the company can specifically identify;
- the costs generate or enhance resources of the company; and
- the costs are expected to be recovered.

1 Accounting policies (continued)

Accounting Estimates

Impairment of property, plant and equipment

Where there is an indication that an asset may be impaired, the Company is required to test whether assets have suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of these methods requires the estimation of future cash flows and discount rates in order to calculate the present value of the cash flows. In certain cases, the estimation of development plans is required and third-party valuations used. Actual outcomes may vary. Further information is set out in note 9.

Provisions
Provisions for dilapidations are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

IFRS 16 Incremental Borrowing Rate

As GEOAmey does not have any formal borrowings an estimate has been used in order to calculate the incremental borrowing rate which has been used to prepare the IFRS16 impact in these financial statements. This estimate has been based on the effective rate used by our vehicle provider on its normal loans for vehicle assets. As the majority of our asset base is the vehicle asset this estimate of 5.5% has been applied in the financial statements.

2 Revenue

All revenues are derived from one operating segment. GEOAmey has two contracts; one with the Ministry of Justice and one with the Scottish Court Custody and Prisoner Escorting Services (SCCPES) contract, on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners (CJPs).

All revenues are derived from activities in the United Kingdom.

3 Operating Profit

Included in operating profit are the following:

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Depreciation of owned fixed assets	354	623
Depreciation of leased assets	10,435	221
Operating lease charges:		
Fleet	-	7,857
Cars	-	559
Property rent	-	1,061

Auditor's remuneration:

	Year ended 31 December 2018 £000	Year ended 31 December 2018 £000
Audit of these financial statements	**44**	**41**
Amounts receivable by auditor and their associates in respect of:		
Tax compliance	**7**	**8**

4 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2019	Year ended 31 December 2018
Staff	3,279	2,425

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Wages and salaries	68,197	51,863
Social security costs	6,007	4,802
Other pension costs	3,958	2,054
	78,162	**58,719**

Key management of the Company is considered to be the Executive Board which does not include any statutory directors. In the current year there are five members of staff who are considered to be key management.

4 Staff numbers and costs (continued)

Key management remuneration	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Salaries	856	782
Social security costs	107	101
Pension costs	47	75
	1,010	**958**

The number of Key Management receiving pension benefits during the year is Five (2018: Four).

There were no long-term incentive schemes.

5 Directors' emoluments

No Director received any emoluments, pension benefits, compensation for loss of office, or early retirement benefits. There were no long-term incentive schemes and no amounts were paid to third parties in respect of Directors' services.

6 Interest Receivable

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Authority Loan interest	-	203
Bank interest	39	27
	39	**230**

7 Interest Payable

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Parent loan interest	-	(23)
Bank interest	(8)	-
Interest expense for leasing arrangements	(1,344)	(28)
	(1,352)	**(51)**

8 Taxation

Recognised in the statement of comprehensive income

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
UK Corporation tax at 19% (2018: 19%)	1,657	879
Adjustments in respect of prior years	-	404
	1,657	1,283
Deferred tax charged/(credited) to the Statement of Comprehensive Income	(60)	(53)
Total tax expense	1,597	1,230

Reconciliation of effective tax rate

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Profit before tax	**8,264**	**4,206**
Tax using the UK corporation tax rate of 19% (2018: 19%)	1,570	799
Fixed asset differences	48	10
Non-deductible expenses	2	17
Adjustments to tax charge in respect of previous periods	-	404
Adjustment of closing deferred tax to average rate	-	-
Adjustment of opening deferred tax to average rate	(23)	-
Total current tax charge	1,597	1,230

Tax losses available to the Company at 31 December 2019 are £nil (2018: £nil).

September 2016 changes to the corporation tax rate were enacted to reduce the corporate tax rate to 17% from 1 April 2020. The 2020 Finance Bill determined that the corporation tax rate for the financial years beginning 1 April 2020 and 2021 would remain at 19%. However, this legislation was not substantively enacted at the balance sheet date and is therefore not applicable to the 2019 financial statements.

9 Property, plant and equipment

	Furniture, fixtures, fittings and equipment £000	Leasehold Properties £000	Motor vehicles £000	Total £000
Gross Carrying Amount				
Balance at 1 January 2019	6,736	-	59	6,795
Adjustments on transition to IFRS16	-	1,924	11,287	13,211
Additions	1,576	2,869	13,319	17,764
Disposals	-	-	(200)	(200)
Balance at 31 December 2019	**8,312**	**4,793**	**24,465**	**37,570**
Depreciation and Impairment				
Balance at 1 January 2019	(4,818)	-	(8)	(4,826)
Depreciation charge for the year	(1,426)	(1,214)	(8,149)	(10,789)
Impairment	-	-	(159)	(159)
Balance at 31 December 2019	**(6,244)**	**(1,214)**	**(8,316)**	**(15,774)**
Carrying Value at 31 December 2019	**2,068**	**3,579**	**16,149**	**21,796**

	Furniture, fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Gross Carrying Amount			
Balance at 1 January 2018	4,546	8	4,554
Additions	2,190	51	2,242
Balance at 31 December 2018	**6,736**	**59**	**6,796**
Depreciation			
Balance at 1 January 2018	(3,975)	(7)	(3,982)
Depreciation charge for the year	(843)	(1)	(844)
Balance at 31 December 2018	**(4,818)**	**(8)**	**(4,826)**
Carrying Value at 31 December 2018	**1,919**	**51**	**1,970**

9 Property, plant and equipment (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets recognised on transition to IFRS 16, which are recognised as follows:

	Carrying amount	Depreciation expense
Properties	3,551	1,214
Vehicles	16,368	8,142
IT Equipment	2,786	1,079
Total Right of Use Asset	**22,705**	**10,435**

The Company has leases for the main warehouse and related and office facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets

Impairment of assets

Due to the loss recognised on the SCCPES contract during the financial year the associated assets have been tested for impairment. The Company estimated the recoverable amount through a value-in-use analysis and concluded that no impairment was required. The estimated value in use was calculated using forecast cashflows for the remainder of the contract life and includes judgment around expected income and profitability levels. The value in use analysis is not sensitive to reasonable changes in the discount rate or the cash generation of the contract.

10 Long term receivables

	2019 £000	2018 £000
Long term receivables	1,421	931
	1,421	**9311**

Long term receivables represent the mobilisation asset, capitalised as part of the mobilisation of the Scottish Court Custody and Prisoner Escorting Services (SCCPES) contract, on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners (CJPs). There is no cost of capital assumed for this balance. The receivable will be amortised over the life of the contract, a period of eight years. The total value of the asset capitalised was £2,227,739 as at 1st January 2019. Of this balance the current receivable £278,348.

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	Assets £000	Liabilities £000	Total £000
Net tax assets at 1 January 2018	**277**	-	**277**
Fixed asset timing differences	10	-	10
Short term timing differences	43	-	43
Net tax assets at 1 January 2019	**330**	-	**330**
Fixed asset timing differences	32	-	32
Short term timing differences	28	-	28
Net tax assets at 31 December 2019	**390**	-	**390**

On the basis of the forecasted future profitability a deferred asset of £390,000 has been recognised. The benefit of this is expected to be realised over the next three years.

Movement in deferred tax during the year

	31 December 2018 £000	Recognised in income £000	31 December 2019 £000
Fixed asset timing differences	152	32	184
Short term timing differences	178	28	206
	330	**60**	**390**

12 Trade and other receivables

	2019 £000	2018 £000
Other receivables	13,209	10,675
Current element of long term receivable	348	120
Prepayments	614	709
Corporation Tax	-	9
	14,171	11,513

The Directors consider that the carrying value of trade and other receivables to approximate their fair value.

No credit losses were experienced in the year, and no provision has been included by management for doubtful debts (2018: Nil).

13 Trade and other payables

	2019 £000	2018 £000
Trade payables	107	151
Non-trade payables and accrued expenses	4,642	4,645
Payroll taxes and social security	1,707	1,473
VAT	3,914	2,049
Corporation tax	1,551	-
Amounts owed to related parties	690	886
	12,611	9,204

The Directors consider that the carrying value of trade and other payables to approximate to their fair value.

No amounts within trade and other payables are expected to be settled in more than 12 months.

14 Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2019 £'000	2018 £'000
Current		
Lease liabilities	8,138	772
Non-current		
Leases liabilities	12,809	461
Total lease liabilities	20,947	1,233

14 Lease liabilities (continued)

GEOAmey has leases for the fleet and vehicle base facilities/ office buildings, and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. GEOAmey classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for GEOAmey to sublet the asset to another party, the right-of-use asset can only be used by GEOAmey. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. GEOAmey is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises GEOAmey must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, GEOAmey must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts

The table below describes the nature of GEOAmey's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of Use Asset	Range of remaining term	Average Remaining lease Term	Proportion of leases with extension options	Proportion of leases with options to purchase	Proportion of leases with variable element linked to index	Proportion of leases with Termination options
Vehicles	1 to 11 years	3	Nil	Nil	100%	100%
Properties	3 to 9 years	5	4%	Nil	100%	96%
IT	1 to 2 years	1	Nil	Nil	Nil	Nil

The lease liabilities are secured by the related underlying assets. Future minimum lease payments are as follows:

31 December 2019	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease Payments £000	9,098	2,711	2,430	2,345	2,264	5,459	24,307
Finance Charges £000	(960)	(656)	(545)	(441)	(336)	(422)	(3,360)
Net Present Value	**8,138**	**2,055**	**1,885**	**1,904**	**1,928**	**5,037**	**20,947**

31 December 2018	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Lease Payments -£000	822	491	-	-	-	-	1,313
Finance Charges -£000	(50)	(30)	-	-	-	-	(80)
Net Present Value	772	**461**	-	-	-	-	**1,233**

Lease payments not recognised as a liability

GEOAmey has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability relates exclusively to leases of low value assets and was £1,002,000 for the year ending 31 December 2019. The future commitments under these leases at that date £1,098,000.

15 Provisions

	Dilapidations	Total
	£000	**£000**
At 1 January 2019	**(789)**	**(789)**
Additional provisions	**(340)**	**(340)**
Reversals	**353**	**353**
At 31 December 2019	**(776)**	**(776)**
Current Provisions	(517)	(516)
Non-Current Provisions	(259)	(260)
Total Provisions at 31 December 2019	**(776)**	**(776)**

16 Employee benefits

The Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £3,958,477 (2018: £2,053,829).

17 Share capital

	Ordinary Shares
Shares in issue at 31 December 2019 and 31 December 2018	
	2019
	£
Authorised	
Ordinary shares of £1 each	**100**
Allotted, called up and fully paid	
Ordinary shares of £1 each	**100**

18 Capital and Reserves

Share capital represents the nominal value of the share issued.

Accumulated deficit represents all current and prior period profits and losses.

19 Financial Instruments

The Company uses various financial instruments; these include loans, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations and manage its working capital requirements.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk is not considered to be a material risk due to the creditworthiness of the customer base.

Interest rate risk

The Company is exposed to changes in market interest rates through its borrowings as all finance leases are agreed at fixed interest rates.

Effective interest rates and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are re-priced.

			2019			
	Effective interest rate %	Total £000	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	5years and over £000
Cash and cash equivalents	0%	4,449	4,449	-	-	-
		4,449	**4,449**	-	-	-

Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis as well as on the basis of a rolling 90-day projection. Long-term liquidity needs are identified as part of the forecasting and reporting process. The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of shareholder loan facilities. As at 31 December 2019, the Company's liabilities have contractual maturities, inclusive of estimated interest where applicable, which are summarised below:

19 Financial Instruments (continued)

Current

	Within 6 months	6-12 months
	2019	**2019**
	£000	**£000**
Trade payables	107	-
Non-trade payables and accrued expenses	4,642	-
Tax and social security payments	5,621	-
Corporation Tax Payable	1,666	-
Amounts owed to related parties	575	-
Total	12,611	-

Financial assets and liabilities statement of financial position classification

	2019	2018
Assets		
Current assets	**£000**	**£000**
Trade and other receivables:	13,209	11,513
Cash and cash equivalents	4,499	3,758
Total financial assets	**17,708**	**15,271**
Liabilities		
Current liabilities		
Lease liabilities:		
- Financial liabilities measured at amortised cost	(8,138)	(772)
Trade and other payables:		
- Financial liabilities measured at amortised cost	(5,324)	(5,682)
Non-current liabilities		
Lease liabilities:		
- Financial liabilities measured at amortised cost	(12,809)	(461)
Total financial liabilities	**(26,271)**	**(6,915)**

19 Financial Instruments (continued)

Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity plus borrowings, less cash and cash equivalents as presented on the consolidated statement of financial position.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
The amounts managed as Capital by the Company for the reporting periods under review are as follows:

	2019 £000	2018 £000
Total equity	7,943	7,276
Cash and cash equivalents	4,499	3,758
Capital	**12,442**	**11,034**

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Lease liabilities		Short term borrowings		Total liabilities	
	2019	2018	2019	2018	2019	2018
1 January	**1,233**	-	-	**2,500**	**1,233**	**2,500**
Adoption of IFRS 16	28,955	-	-	-	28,955	-
Revised 1 January	**30,188**	-	-	**2,500**	**30,188**	**2,500**
Cashflows:						
Repayment	(11,422)	-	-	(2,523)	(11,422)	(2,523)
Non-cash:						
New liabilities	837	1,205	-	-	837	1,205
Interest charged	1,344	28	-	23	1,344	51
31 December	**20,947**	**1,233**	-	-	**20,947**	**1,233**

20 Capital commitments

At 31 December 2019 the Company had capital commitments to the mobilisation of the Prisoner Escort Custodial Services 4 (PECS4). The total committed mobilisation spend is £nil, as at 31st December 2019, however a bid budget of £3,793,170 is a capital commitment to achieve contract mobilisation which we are contractually obliged to spend in order to deliver the services from 29th August 2020. (2018: Scottish Court Custody and Prisoner Escorting Service (SCCPES) contract on behalf of the Scottish Prison Service (SPS) and Criminal Justice Partners. The total committed mobilisation spend is £3,336,412, as at 31st December (2018: £1,351,652) had already been capitalised.

21 Related parties

During the period the Company received goods and services to the value of £355,591.48 (2018: £951,350) from Amey PLC and its subsidiaries and credits to the value of £23,386 (2017: £16,380) from The GEO Group Inc. and its subsidiaries.

The nature of the related party transactions include; Payment for Company Secretarial services, car hire, consultancy services, IT hardware and corporation tax reliefs.

At 31 December 2019, £432,000 was owed to Amey PLC and its subsidiaries (2018: £45,142) and £258,000 to The GEO Group Inc. and its subsidiaries (2018: £nil from The GEO Group Inc.).

22 Ultimate controlling party

GEO Amey PECS Limited does not have one ultimate controlling company as there is a joint venture ownership structure with the following two direct owning companies, both owning an equal share of GEO Amey PECS Limited:

- The GEO Group Limited (50%) and;
- Amey Community Limited (50%)

The Directors consider the Company's ultimate controlling parties to be The GEO Group Inc. through their 100% ownership of The GEO Group Ltd and Ferrovial S.A. through their 100% ownership of Amey UK plc, the 100% shareholder of Amey Community Limited.

23 Dividend

During 2019, GEOAmey PECS LTD paid dividends of £6,000,000 (2018: Nil) to its equity shareholders. This represents a payment of £3,000,000 to The GEO Group Limited and £3,000,000 to Amey Community Limited. This represents £60,000 per share (2018: Nil per share).

24 Post balance sheet event

The COVID 19 pandemic, which began in March 2020, has been treated as a non-adjusting post balance sheet event and therefore no adjustments have been within these financial statements. The Company's financial performance has not been negatively impacted and nor has its financial position. Further detail is provided within the Directors' Report on pages 4 to 7.