

Registration number: 10131554

# **Serco PIK Limited**

## **Annual Report and Financial Statements**

for the Year Ended 31 December 2018



# Serco PIK Limited

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# Serco PIK Limited

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## Company Information

**Directors** N Crossley  
S J Haydon

**Company secretary** Serco Corporate Services Limited

**Registered office** Serco House  
16 Bartley Wood Business Park  
Bartley Way Hook  
Hampshire  
United Kingdom  
RG27 9UY

**Auditors** KPMG LLP  
15 Canada Square  
London E14 5GL

# Serco PIK Limited

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## Strategic Report

for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

### Fair review of the business

The profit for the financial year, after tax, is £10.5m (2017: £3.4m).

The sole purpose of the Company is ownership of a third party loan note. Interest of £3.0m (2017: £3.4m) accrued on the loan note in the year.

During the year to 31 December 2018 a triggering event occurred resulting in the repayment in full of the loan note issued on the disposal of the Intelenet business by other Serco Group companies. The early repayment resulted in the company realising a gain of £7.5m (2017: £Nil). The amount was repaid to another Serco Group company so that the total amount received is now recognised as an intercompany receivable.

The directors considers the results for the period to be satisfactory and that given the simplicity of the business model no further key performance indicators are required.

### Principal risks and uncertainties

The Company's only financial instrument is the inter company receivable which does not carry any interest and the Directors do not consider that the Company is exposed to significant interest rate or liquidity risk on these.

Approved by the Board on 29/7/19 and signed on its behalf by:



N Crossley  
Director

## Directors' Report

for the Year Ended 31 December 2018

The directors presents his report and the financial statements for the year ended 31 December 2018.

### Directors of the company

The directors, who held office during the year and subsequently to the date of this report, unless otherwise stated, were as follows:

N Crossley

G Leach (resigned 31 October 2018)

S J Haydon (appointed 31 October 2018)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Results and dividend

The profit for the financial year, after tax is £10.5m (2017: £3.4m).

The directors do not recommend the payment of a dividend (2017: £Nil).

### Political contributions

The Company made no political donations (2017: £Nil) and did not incur any political expenditure during the period.

### Going concern

The Company is in a net asset position, and given the absence of any liabilities the directors have deemed it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

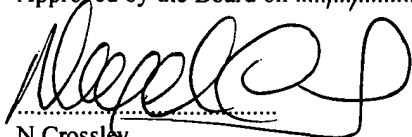
### Disclosure of information to the auditors

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

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 22/7/19 and signed on its behalf by:



N Crossley  
Director

## **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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 director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent Auditor's Report to the Members of Serco PIK Limited

### Opinion

We have audited the financial statements of Serco PIK Limited ("the company") for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The director has prepared the financial statements on the going concern basis as he does not intend to liquidate the company or to cease its operations, and as he has concluded that the company's financial position means that this is realistic. He has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the director's conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## Independent Auditor's Report to the Members of Serco PIK Limited

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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 4, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

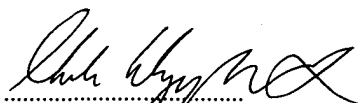
### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.



Mark Wrigglesworth (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London E14 5GL

Date: 29 JULY 2019



## Serco PIK Limited

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### Profit and Loss Account for the Year Ended 31 December 2018

	<i>Note</i>	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
Other finance income	4	7,473	-
Interest receivable and similar income	5	<u>3,004</u>	<u>3,358</u>
<b>Profit before tax</b>		10,477	3,358
Tax on profit	9	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><u>10,477</u></u>	<u><u>3,358</u></u>

The above results were derived from continuing operations.

There were no items of other comprehensive income, and accordingly no Statement of Comprehensive Income is shown.

The notes on pages 10 to 13 form an integral part of these financial statements.

# Serco PIK Limited

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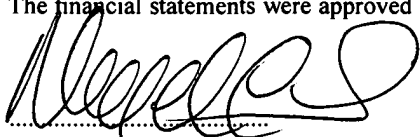
## Balance Sheet

as at 31 December 2018

Registration Number: 10131554

	Note	2018 £ 000	2017 £ 000
<b>Non current Asset</b>	<b>10</b>		
Loan note receivable		-	25,741
Intercompany receivable		36,218	-
		<u>36,218</u>	<u>25,741</u>
<b>Capital and reserves</b>			
Share Capital	11	-	-
Share premium reserve		20,421	20,421
Profit and loss account		15,797	5,320
		<u>36,218</u>	<u>25,741</u>
<b>Shareholders' funds</b>		<u>36,218</u>	<u>25,741</u>

The financial statements were approved by the Board on 29/7/19 and signed on its behalf by:



N Crossley  
Director

The notes on pages 10 to 13 form an integral part of these financial statements.

## Serco PIK Limited

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### Statement of Changes in Equity for the Year Ended 31 December 2018

	<i>Share capital</i> £ 000	<i>Share premium</i> £ 000	<i>Retained earnings</i> £ 000	<i>Total</i> £ 000
At 1 January 2017	-	20,421	1,962	22,383
Profit for the year and total comprehensive income	-	-	3,358	3,358
At 31 December 2017	-	20,421	5,320	25,741
At 1 January 2018	-	20,421	5,320	25,741
Profit for the year and total comprehensive income	-	-	10,477	10,477
At 31 December 2018	-	20,421	15,797	36,218

The notes on pages 10 to 13 form an integral part of these financial statements.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 1 General information

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

### 2 Accounting policies

#### *Summary of significant accounting policies and key accounting estimates*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied across the period presented, unless otherwise stated.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. This is because the Company is included within the consolidated financial statements of Serco Group plc which are available from the address provided in note 12.

The financial statements have been prepared on the historical cost basis and on the going concern basis, except for the revaluation of the loan note. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

#### *New standards*

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The following new or revised standards have no material impact on the financial statements.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases was issued in January 2016 and is applicable to annual reporting periods beginning on or after 1 January 2019. The Company decided not to early adopt IFRS 16.

#### *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 3 Critical accounting judgements and key sources of estimation uncertainty

The only accounting judgement critical to the financial statements is that of impairment of the intercompany receivable held by the Company. Determining whether the intercompany receivable is impaired requires the Company to make an estimation of the recoverability of the asset, which involves judgement, based on the ability of the third party to repay the holding value of the receivable. The carrying value of the intercompany receivable is £36m at the balance sheet date.

### 4 Other finance income

	2018 £ 000	2017 £ 000
Gain on early settlement of loan note	7,473	-

### 5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest on loan note	1,871	2,247
Unwind of discount on loan note	1,133	1,111
	3,004	3,358

### 6 Staff costs

The Company had no employees during the current period (2017: £Nil).

# Serco PIK Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 7 Directors' remuneration

The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from the respective Group company employer to the qualifying services they provide to the Company.

### 8 Auditor's remuneration

Auditor's remuneration of £2k (2017: £2k) for the audit of the Company's annual accounts was borne by another group company in the current period. There have been no non-audit fees incurred by the Company and payable during the financial period.

### 9 Tax

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	10,477	3,358
Corporation tax at standard rate	1,991	646
Group relief for nil consideration	(1,991)	(646)
Total tax charge/(credit)	-	-

### 10 Other financial assets

	2018 £ 000	2017 £ 000
<b>Non-current financial assets</b>		
Loan note receivable	-	25,741
Intercompany receivable	36,218	-
	36,218	25,741

Amounts owed on the loan previously accrued interest at 7%.

# Serco PIK Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 11 Share capital

*Allotted, called up and fully paid shares*

	2018		2017	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary of £1 each	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

### 12 Parent and ultimate parent undertaking

The Company's immediate parent is Serco Holdings Limited.

The ultimate parent and controlling party is Serco Group plc, a company incorporated in the United Kingdom and registered in England and Wales, Serco Group plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. These financial statements are available upon request from the Company Secretary, Serco Group plc, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY.