

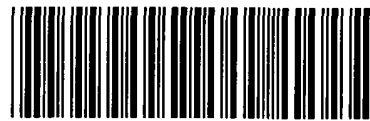
Registration number: 10131554

Serco PIK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Serco PIK Limited

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Serco PIK Limited

Company Information

Directors P G Boyle
N Girnary

Company secretary D Eveleigh

Registered number 10131554

Registered office Serco House
16 Bartley Wood Business Park
Bartley Way, Hook
Hampshire, RG27 9UY

Auditor KPMG LLP
15 Canada Square
London
United Kingdom
E14 5GL

Directors' Report

for the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

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 (resigned on 14 April 2021)

S J Haydon (resigned on 25 June 2022)

N Girnary (appointed on 14 April 2021)

P G Boyle (appointed on 25 June 2022)

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

Principal activity

Historically, the sole purpose of the Company was the ownership of a third party loan note. However, on 15 September 2022, the Directors took the decision to cease all activity as the loan note is no longer outstanding. As the Directors intend to liquidate the Company, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 2.

Results and dividends

The loss for the financial year, after tax, is £36,494k (2020: profit of £44k).

The Directors do not recommend the payment of a dividend (2020: £nil).

Principal risks and uncertainties

As the Company no longer holds intercompany receivables, it is no longer exposed to interest rate or liquidity risk. In any case, financial risk management for Serco Group is undertaken by Serco Group plc. The Group's risk register is regularly updated and periodically discussed at Serco Group plc board meetings.

Going concern

The Company has net current assets of £nil as at 31 December 2021 (2020: £36,494k) including £nil intercompany receivables (2020: £36,494k) and a loss for the year £36,494k (2020: profit of £44k). All activities have now ceased, and as a result the Directors consider it appropriate that the accounts are prepared on a basis other than going concern. No adjustments were required as a result of preparing the financial statements on this basis.

Political contributions

The Company made no political donations and did not incur any political expenditure during the year (2020: £nil).

Disclosure of information to the auditor

The Directors have taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Directors' Report

for the Year Ended 31 December 2021 (continued)

Auditor

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.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

Approved by the Board on 15 September 2022 and signed by:

Paul Boyle

Paul Boyle (Sep 15, 2022 14:57 GMT+1)

P G Boyle
Director

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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, relevant and reliable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 (as explained in note 2, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 2021, 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosures made in note 2 to the financial statements which explain that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of Directors as to the Serco Group Plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the Directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and discussed with the directors and management the policies and procedures regarding compliance with laws and regulations.

Independent Auditor's Report to the Members of Serco PIK Limited (continued)

Fraud and breaches of laws and regulations (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This Company, as a non trading company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' Report

The Directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read 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 Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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.
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Serco PIK Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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.

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.



.....
John Luke (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London United Kingdom
E14 5GL

Date: Sep 16, 2022.....

Profit and Loss Account
for the Year Ended 31 December

	<i>Note</i>	<i>2021</i> <i>£ 000</i>	<i>2020</i> <i>£ 000</i>
Exceptional items	4	(36,494)	-
Interest receivable and similar income	5	<u>-</u>	<u>44</u>
(Loss)/profit before tax		(36,494)	44
Tax on (loss)/profit on ordinary activities	9	<u>-</u>	<u>-</u>
(Loss)/profit for the year		<u>(36,494)</u>	<u>44</u>

The above results were derived from discontinued operations.

There were no items of other comprehensive income, and accordingly no statement of comprehensive income is shown.

Serco PIK Limited

Balance Sheet

as at 31 December

Registration Number: 10131554

	Note	2021 £ 000	2020 £ 000
Non current asset			
Intercompany receivable	10	-	36,494
Capital and reserves			
Called up share capital	11	-	-
Share premium reserve		20,421	20,421
Profit and loss account		(20,421)	16,073
Shareholder's funds		-	36,494

The financial statements were approved by the Board on 15 September 2022 and signed by:

Paul Boyle

Paul Boyle (Sep 15, 2022 14:57 GMT+1)

P G Boyle
Director

The notes on pages 11 to 15 form an integral part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2021

	<i>Called up share capital £ 000</i>	<i>Share premium reserve £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total £ 000</i>
At 1 January 2020	-	20,421	16,029	36,450
Profit for the year	-	-	44	44
At 31 December 2020	-	20,421	16,073	36,494
At 1 January 2021	-	20,421	16,073	36,494
Loss for the year	-	-	(36,494)	(36,494)
At 31 December 2021	-	20,421	(20,421)	-

The notes on pages 11 to 15 form an integral part of these financial statements.

Serco PIK Limited

Notes to the Financial Statements

for the Year Ended 31 December 2021

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Serco House

16 Bartley Wood Business Park

Bartley Way, Hook

Hampshire, RG27 9UY

The registered company number is 10131554. The nature of the Company's operations and its principal activities are set out in the Directors' 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.

The level of rounding is to the nearest thousand ('000) unless otherwise stated.

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 ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, 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 a basis other than going concern, except for the revaluation of certain financial instruments which are on a fair value basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Notes to the Financial Statements (continued)

for the Year Ended 31 December 2021

2 Accounting policies (continued)

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021.

These amendments had no material impact on the financial statements of the Company.

Going concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 15 September 2022 the directors took the decision to cease all activity now that the Company's loan note is no longer outstanding. Accordingly the directors have not prepared the financial statements on a going concern basis. No adjustments were required as a result of preparing the financial statements on a basis other than going concern.

Interest income

Interest income is accrued for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Tax

The tax expense represents the sum of current tax expense and deferred tax expense.

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are measured at transaction price less any impairment in accordance with IFRS 9.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Serco PIK Limited

Notes to the Financial Statements (continued)

for the Year Ended 31 December 2021

3 Critical accounting judgements and key sources of estimation uncertainty

Historically, the Company's only critical accounting judgement required related to assessing the recoverability of its intercompany receivable balance, which has a carrying value of £nil at balance sheet date (2020: £36,494k). This assessment is no longer required as the Company formally waived its intercompany receivable balance on 30 November 2021.

4 Exceptional items

	2021 £ 000	2020 £ 000
Waiver of Group intercompany receivable	<u>(36,494)</u>	<u>-</u>

On 30 November 2021 the Company formally waived its intercompany loan balance of £36,494k.

5 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest receivable from group undertakings	<u>-</u>	<u>44</u>

Interest is charged at LIBOR minus 0.2% on the intercompany loan. No interest is charged when a negative interest rate arises.

6 Staff costs

The Company had no employees, other than the director's, during either the current or preceding financial year.

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 (2020: £2k) for the audit of the Company's annual accounts was borne by another group company in the current year. There have been no non-audit fees incurred by the Company and payable during the financial year.

Serco PIK Limited

Notes to the Financial Statements (continued) for the Year Ended 31 December 2021

9 Tax

Tax recognised in the profit and loss account

	2021 £ 000	2020 £ 000
Total current income tax	-	-

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: lower than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
(Loss)/profit before tax	(36,494)	44
Corporation tax at standard rate	(6,934)	8
Expenses not deductible for tax purposes	6,934	-
Group relief received for nil consideration	-	(8)
Total tax charge	-	-

Factor's affecting future tax rate

A UK corporation rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. However, there is no impact of this change on the tax charge in the current year as there are no instances of deferred taxation recognised in the profit or loss account or directly in equity in either the current or prior year.

10 Intercompany receivable

	2021 £ 000	2020 £ 000
Intercompany receivable	-	36,494

Amounts owed by group companies have borne interest based on one month LIBOR minus 0.2%. No interest was accrued in the year due to the applicable interest rates falling below 0%.

On 30 November 2021 the Company agreed to waive the balance of its intercompany loan receivable including all accrued interest at that date.

Serco PIK Limited

Notes to the Financial Statements (continued) for the Year Ended 31 December 2021

11 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary share capital 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, Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY.