

Company Registration No. SC291481

ADDIEWELL PRISON (HOLDINGS) LIMITED
Report and Financial Statements

For the year ended
31 March 2015

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ADDIEWELL PRISON (HOLDINGS) LIMITED
REPORT AND FINANCIAL STATEMENTS 2015
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ADDIEWELL PRISON (HOLDINGS) LIMITED

STRATEGIC REPORT

For the year ended 31 March 2015

The group is a Private Finance Initiative (“PFI”) vehicle whose purpose is to design, construct, finance and manage HMP Addiewell. It has a 25 year operational contract with the Scottish Prison Service (“SPS”), due to complete in December 2033. The directors do not expect any change in the nature of the group’s business in the immediate future.

In the year the group made a profit of £1,790,000 (£2,404,000) and closed the year with net assets of £2,765,000 (2014: £2,755,000).

The group’s operations are managed under the supervision of its shareholders and funders and are monitored by key performance indicators in the PFI contract with the SPS and the subcontract with Sodexo Limited who supply the facilities maintenance services throughout the life of the concession. These key performance indicators are in place to monitor certain operational functions and failure to meet minimum targets result in financial penalties, which are ultimately payable by Sodexo Limited. In the year these penalties amounted to £nil (2014: £nil).

The PFI contract and Subcontracts with SPS and Sodexo Limited are fixed for the life of the contract and this enables the group to have certainty over its income and major expenses until 2033. Furthermore the subsidiary has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2032. Its main exposure is to financial risks as detailed in the following section.

PRINCIPAL RISK AND UNCERTAINTIES

The group’s principal activity as detailed above is risk free as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts with the subsidiary.

FINANCIAL RISK MANAGEMENT

The group has exposure to a variety of financial risks which are managed with the purpose of minimising any potentially adverse effect on the company’s performance. The board has policies for managing each of these risks and they are summarised below:

INTEREST RATE RISK

The group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

INFLATION RISK

The group’s project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

LIQUIDITY RISK

The group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the group.

ADDIEWELL PRISON (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

For the year ended 31 March 2015

CREDIT RISK

The group receives the bulk of its revenue from a Government agency and therefore is not exposed to significant credit risk.

Cash investments and interest rate swap arrangements are with institutions of a suitable credit quality.

EVENTS

There have been no significant events since the balance sheet date.

OWNERSHIP

The group is owned by its ultimate shareholders Sodexo Investment Services Limited, Interserve Investments plc and Infrastructure Investments Holdings Limited.

Approved by the Board of Directors on
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'C Field', written over a horizontal line.

C Field
Director

1 September 2015

ADDIEWELL PRISON (HOLDINGS) LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2015

Details of the principal risks and uncertainties are included in the Strategic Report.

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2015.

STRATEGIC REPORT

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its position at the end of the year and of the likely future developments in its business.

RESULTS AND DIVIDENDS

The consolidated profit for the financial year was £1,790,000 (2014: £2,404,000). Dividends of £1,780,000 (2014: £1,600,000) were recommended and paid during the year. This has led to net assets of £2,765,000 (2014: £2,755,000).

ENVIRONMENT

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its subcontractors to reduce any damage that might be caused by the company's activities.

EMPLOYEES

The company has no direct employees.

DIRECTORS

The directors who served throughout the year and up to the date of signing the financial statements were as follows:

S Carter
J Cowdell
C Field
M Holden
A Leech
G Quaife
I Renhard

SECRETARY

Richard Keen

ADDIEWELL PRISON (HOLDINGS) LIMITED

DIRECTORS' REPORT (Continued)

For the year ended 31 March 2015

INDEPENDENT AUDITORS

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director at the date of approval of this report confirm that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office as auditors and appropriate arrangement have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf

A handwritten signature in black ink, appearing to be 'C Field', written over a horizontal line.

C Field
Director

1 September 2015

ADDIEWELL PRISON (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ADDIEWELL PRISON (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDIEWELL PRISON (HOLDINGS) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Addiewell Prison (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Addiewell Prison (Holdings) Limited's financial statements comprise:

- the consolidated and company balance sheet as at 31 March 2015;
- the consolidated profit and loss account for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

ADDIEWELL PRISON (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDIEWELL PRISON (HOLDINGS) LIMITED (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Peter Adams (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
1 September 2015

ADDIEWELL PRISON (HOLDINGS) LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****For the year ended 31 March 2015**

	Note	2015 £'000	2014 £'000
Turnover		24,057	23,303
Cost of sales		(21,080)	(20,204)
		<hr/>	<hr/>
Gross Profit		2,977	3,099
Administrative expenses		(1,143)	(1,117)
		<hr/>	<hr/>
Operating Profit	2	1,834	1,982
Interest receivable and similar income	4	6,455	6,601
Interest payable and similar charges	5	(5,869)	(6,078)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,420	2,505
Tax on profit on ordinary activities	6	(630)	(101)
		<hr/>	<hr/>
Profit for the financial year	14	1,790	2,404
		<hr/> <hr/>	<hr/> <hr/>

All activities are derived from continuing operations.

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account. The profit of the company in the year was £1,780,000 (2014: £1,600,000).

The group had no recognised gains or losses in the year other than as shown in the profit and loss account and accordingly no consolidated statement of total gains and losses has been prepared.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

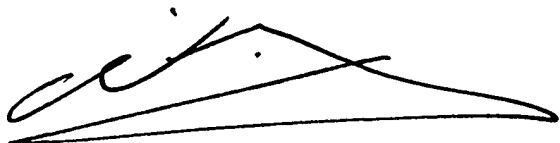
ADDIEWELL PRISON (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

	Note	2015 £'000	2014 £'000
CURRENT ASSETS			
Debtors:			
Amounts falling due after more than one year	9	88,466	90,781
Amounts falling due within one year	9	5,598	5,540
Cash at bank and in hand		9,169	9,553
		<hr/>	<hr/>
		103,233	105,874
CREDITORS: amounts falling due within one year	10	(11,353)	(10,981)
		<hr/>	<hr/>
NET CURRENT ASSETS		91,880	94,893
CREDITORS: amounts falling due after more than one year	11	(84,286)	(87,937)
PROVISIONS FOR LIABILITIES	12	(4,829)	(4,201)
		<hr/>	<hr/>
NET ASSETS		2,765	2,755
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	2,665	2,655
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	15	2,765	2,755
		<hr/>	<hr/>

The financial statements of Addiewell Prison (Holdings) Limited, registered number SC291481 on pages 8 to 23, were approved by the Board of Directors and authorised for issue on **1** September 2015.

Signed on behalf of the Board of Directors



C Field
Director

ADDIEWELL PRISON (HOLDINGS) LIMITED


COMPANY BALANCE SHEET

As at 31 March 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Investments	8	100	100
CURRENT ASSETS			
Debtors			
Amounts falling due after more than one year	9	8,610	8,778
Amounts falling due within one year	9	392	738
		<hr/>	<hr/>
		9,002	9,516
CREDITORS: amounts falling due within one year	10	(392)	(738)
		<hr/>	<hr/>
NET CURRENT ASSETS		8,610	8,778
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,710	8,878
CREDITORS: amounts falling due after more than one year	11	(8,610)	(8,778)
		<hr/>	<hr/>
NET ASSETS		100	100
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital	13	100	100
Profit and loss account	14	-	-
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	15	100	100
		<hr/>	<hr/>

The financial statements of Addiewell Prison (Holdings) Limited, registered number SC291481 on pages 8 to 23, were approved by the Board of Directors and authorised for issue on 1 September 2015.

Signed on behalf of the Board of Directors


C Field
Director

ADDIEWELL PRISON (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
OPERATING CASH FLOWS	18	4,558	3,403
Return on investments and servicing of finance			
Interest received		6,455	6,601
Interest paid		(6,237)	(5,716)
		<u>218</u>	<u>885</u>
Corporation Tax		(2)	(2)
Consortium relief		-	34
Financing			
Senior term loan facility		(3,375)	(3,131)
Working capital loan		150	2,850
Subordinated loans		(153)	(70)
Dividends paid		(1,780)	(1,600)
		<u>(5,158)</u>	<u>(1,951)</u>
(Decrease)/Increase in cash in the year		(384)	2,369

(i) Reconciliation of net cash flow to movement in net debt		2015 £'000	2014 £'000
(Decrease)/Increase in cash	19	(384)	2,369
Cash flow from movement in debt	19	3,378	351
		<u>2,994</u>	<u>2,720</u>
Change in net debt resulting from cash flows			
Amortisation of debt issue costs	19	(42)	(42)
		<u>2,952</u>	<u>2,678</u>
Total change in net debt for the year		(84,719)	(87,397)
Net debt at 1 April			
Net debt at 31 March	19	<u>(81,767)</u>	<u>(84,719)</u>

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2015

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently through the current year, are set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Basis of preparation

The group balance sheet on page 9 shows shareholders' funds at 31 March 2015 of £2,765,000 (2014: £2,755,000). The financial statements have been prepared on a going concern basis as the group has a long term agreement with the Scottish Prison Service which envisages losses in the early years, but overall a substantial profit. The group is currently performing in line with expectations.

Turnover and Private Finance Initiative ("PFI") contract accounting

Turnover, which excludes VAT and originates solely in the United Kingdom, represents amounts receivable from the operation of the prison provided in the normal course of business.

On commencement of its management of the prison, the group recorded a financial asset, being the amounts due for the completed property. This asset was deemed to be sold at fair value and was recorded as turnover at the inception of the lease. This amount reduces each year as payments are received (the "Capital Repayment").

In addition, finance income on this asset is recorded as interest receivable using a project property specific interest rate of 7.38% (the "Imputed Finance Charge").

Facilities management revenues, the remaining PFI payments, are recognised to the extent that the group obtains the right to consideration for providing the contracted services. The group recognises turnover as contract activity progresses at a mark up on costs related to the provision of the contracted services. In line with FRS 5 Application Note G, the mark up is based upon the forecast service revenue and costs over the concession period.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 31 March each year. The results of the subsidiaries acquired or sold are consolidated from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Investments

Investments held as fixed assets are stated at cost.

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year Ended 31 March 2015**

1. ACCOUNTING POLICIES (Continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available, evidence, it can be regarded as more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Derivative financial instruments

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract.

2. OPERATING PROFIT

	2015	2014
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration		
- audit fee	7	7
Directors' services	92	90
	<hr/>	<hr/>

3. EMPLOYEES AND DIRECTORS

The group and company has no employees (2014: none).

Amounts paid to related parties for directors' services for the company totalled £Nil (2015: £Nil) and for the group £92,000 (2014: £90,000).

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year Ended 31 March 2015**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest income on financial asset	6,429	6,572
Bank interest receivable	26	29
	<hr/>	<hr/>
	6,455	6,601
	<hr/>	<hr/>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable to controlling parties (note 16)	1,056	1,069
Bank term loan interest payable	4,736	4,951
Other bank loans interest payable	35	16
Other finance costs	42	42
	<hr/>	<hr/>
	5,869	6,078
	<hr/>	<hr/>

ADDIEWELL PRISON (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)**
Year Ended 31 March 2015**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2015 £'000	2014 £'000
Current tax		
The tax credit is based on the profit for the year comprises:		
UK corporation tax on profits of the year	(2)	(2)
Adjustments in respect of prior year	-	34
	<u>(2)</u>	<u>32</u>
Deferred tax		
Accelerated capital allowances and other short term timing differences	(204)	(291)
Changes in tax rates or laws	-	535
Losses carried forward	(424)	(340)
Adjustment in respect of prior years	-	(37)
	<u>(628)</u>	<u>(133)</u>
Total deferred tax (note 12)	<u>(628)</u>	<u>(133)</u>
Tax on profit on ordinary activities	<u>(630)</u>	<u>(101)</u>
The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20% (2014: 23%).		
Profit on ordinary activities before taxation	<u>2,420</u>	<u>2,505</u>
Profit on ordinary activities at the UK tax rate 20% (2014: 23%)	484	576
Accelerated capital allowances and other short term timing differences	(204)	(335)
Adjustments in respect of prior years	-	(34)
Losses carried forward	(424)	(392)
Expenses not deductible for tax purposes	146	153
	<u>2</u>	<u>(32)</u>
Total current tax charge/(credit)	<u>2</u>	<u>(32)</u>

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year Ended 31 March 2015**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 23% from 1 April 2014 and to 20% from 1 April 2015, which was substantively enacted on 3 July 2013.

7. DIVIDENDS

	2015 £'000	2014 £'000
Equity – Ordinary share		
Interim paid (June 2014): £7.80 (2014: £6) per £1 share	780	600
Interim paid (December 2014): £10 (2014: £10) per £1 share	1,000	1,000
	<hr/>	<hr/>
	1,780	1,600
	<hr/>	<hr/>

8. INVESTMENTS

	Company 2015 £'000	Company 2014 £'000
Shares in subsidiary undertaking – cost	100	100
	<hr/>	<hr/>

The company holds the following interest in:

Name of company	Country of registration	Class of share	Proportion held	Nature of business
Addiewell Prison Limited	Scotland	Ordinary	100%	Prison construction & management

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

8. INVESTMENTS (CONTINUED)

The parent company's only subsidiary undertaking is Addiewell Prison Limited. Its activity is to design, build, finance and operate HMP Addiewell. Under a share pledge agreement Addiewell Prison (Holdings) Limited transferred the entire shareholding of Addiewell Prison Limited to Project & Export Finance (Nominees) Limited who are a nominee subsidiary of the company's bankers The Royal Bank of Scotland Plc (a related party). However, although in the legal form Addiewell Prison Limited is owned by Project & Export Finance (Nominees) Limited in substance Addiewell Prison (Holdings) Limited is able to exercise control via voting rights and is entitled to dividends, interest and other payments (whether of an income or capital nature) paid in respect of the shares. The directors believe that the carrying value of the investment is supported by its underlying net assets.

9. DEBTORS

	Group	Company	Group	Company
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	3,299	-	3,225	-
Amount owed by group undertakings	-	392	-	738
Financial asset	2,223	-	2,067	-
Prepayments and accrued income	76	-	248	-
	<u>5,598</u>	<u>392</u>	<u>5,540</u>	<u>738</u>
Amounts falling due after more than one year:				
Amount due from subsidiary undertaking	-	8,610	-	8,778
Financial asset	88,466	-	90,781	-
	<u>88,466</u>	<u>8,610</u>	<u>90,781</u>	<u>8,778</u>

Interest is received on the subsidiary debtor balance at the rate of 12%. The debtor is unsecured and repayable in instalments over a period of 25 years, which commenced in 2009.

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Company	Group	Company
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (net of unamortised issue costs)	7,661	-	7,375	-
Amounts owed to controlling parties (note 16)	133	133	153	118
Interest owed to controlling parties (note 16)	259	259	620	620
Amounts owed to other related parties (note 16)	2,130	-	2,084	-
Amounts owed to non controlling parties	-	-	6	-
Corporation tax	2	-	2	-
Other taxation and social security	566	-	559	-
Accruals and deferred income	602	-	182	-
	<u>11,353</u>	<u>392</u>	<u>10,981</u>	<u>738</u>

See note 11 for details of terms and security in respect of amounts due to related parties.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	Company	Group	Company
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	75,676	-	79,194	-
Amounts owed to controlling parties (note 16)	8,610	8,610	8,743	8,778
	<u>84,286</u>	<u>8,610</u>	<u>87,937</u>	<u>8,778</u>
The maturity analysis of bank loan is:				
Within one year	3,561		3,375	
Between one and two years	3,807		3,560	
Between two and five years	11,609		11,942	
Over five years	60,957		64,432	
	<u>79,934</u>		<u>83,309</u>	
Less unamortised issue costs	(741)		(783)	
	<u>79,193</u>		<u>82,526</u>	

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The bank loan is secured by a fixed and floating charge over the assets of the company. Interest is charged on the above loan at the rate of LIBOR +0.85%. The loan is repayable in instalments over a period of 23 years, which commenced in 2009. The bank loan is with The Bank of Tokyo Mitsubishi UFJ.

In June 2006 the company entered into a 25 year fixed interest rate swap arrangement (amended March 2011) to hedge its exposure to the effect of interest rate fluctuations.

The swap converts the bank loan to a fixed rate of 5.04% and is payable in semi-annual amounts between 30 June 2009 and 31 December 2031.

The maturity analysis of amounts owed to controlling parties (note 16) is:

	Group	Company	Group	Company
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Within one year	133	133	153	153
Between one and two years	148	148	132	132
Between two and five years	566	566	504	504
Over five years	7,896	7,896	8,107	8,107
	<u>8,743</u>	<u>8,743</u>	<u>8,896</u>	<u>8,896</u>

Interest is charged on related party loan balances at the rate of 12%. The loans are unsecured and repayable in instalments over a period of 25 years, which commenced in 2009.

12. PROVISION FOR LIABILITIES

	2015 £'000 Provided	2014 £'000 Provided
Accelerated capital allowances	5,783	5,579
Losses	(954)	(1,378)
	<u>4,829</u>	<u>4,201</u>
Deferred Tax Liability		
		£'000
The movement in deferred tax in the year is		(4,201)
At 31 March 2014		(628)
Profit and loss account		<u>(4,829)</u>
At 31 March 2015		

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

13. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Company and Group		
Called up, allotted and fully paid:		
99,999 (2014: 99,999) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

14. PROFIT AND LOSS ACCOUNT

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
At 1 April	2,655	-	1,851	-
Profit for the financial year	1,790	1,780	2,404	1,600
Dividends (note 7)	(1,780)	(1,780)	(1,600)	(1,600)
	<u>2,665</u>	<u>-</u>	<u>2,655</u>	<u>-</u>
At 31 March	2,665	-	2,655	-

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Opening shareholders' funds	2,755	100	1,951	100
Profit for the financial year	1,790	1,780	2,404	1,600
Dividends (note 7)	(1,780)	(1,780)	(1,600)	(1,600)
	<u>2,765</u>	<u>100</u>	<u>2,755</u>	<u>100</u>
Closing shareholders' funds	2,765	100	2,755	100

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

16. RELATED PARTY TRANSACTIONS

Name of company	Type of transaction	Year ended 31 March 2015	Balance receivable/ (due) at 31 March 2015
		£'000	£'000
Interserve Investments Ltd	Sub-ordinated debt	-	(2,915)
Interserve Investments Ltd	Sub-ordinated debt interest	(352)	(86)
Interserve Investments Ltd	Dividends	(594)	-
Sodexo Investment Services Ltd	Sub-ordinated debt	-	(2,914)
Sodexo Investment Services Ltd	Sub-ordinated debt interest	(352)	(86)
Sodexo Investment Services Ltd	Dividends	(593)	-
Infrastructure Investments Holdings Ltd	Sub-ordinated debt	-	(2,914)
Infrastructure Investments Holdings Ltd	Sub-ordinated debt interest	(352)	(87)
Infrastructure Investments Holdings Ltd	Dividends	(593)	-
Infrastructure Investments Holdings Ltd	SPV Charges	(31)	(66)
Sodexo Investment Services Ltd	SPV Charges	(31)	(15)
Interserve Investments Ltd	SPV Charges	(81)	(49)
Sodexo Ltd	Operator & SPV fees	(20,482)	(1,832)
Name of company	Type of transaction	Year ended 31 March 2014	Balance receivable/ (due) at 31 March 2014
		£'000	£'000
Interserve Investments Ltd	Sub-ordinated debt	-	(2,953)
Interserve Investments Ltd	Sub-ordinated debt interest	(357)	(88)
Interserve Investments Ltd	Dividends	(533)	-
Sodexo Investment Services Ltd	Sub-ordinated debt	-	(2,953)
Sodexo Investment Services Ltd	Sub-ordinated debt interest	(357)	(88)
Sodexo Investment Services Ltd	Dividends	(533)	-
Infrastructure Investments Holdings Ltd	Sub-ordinated debt	-	(2,990)
Infrastructure Investments Holdings Ltd	Sub-ordinated debt interest	(355)	(444)
Infrastructure Investments Holdings Ltd	Dividends	(533)	-
Infrastructure Investments Holdings Ltd	SPV Charges	(15)	(15)
Sodexo Investment Services Ltd	SPV Charges	(15)	(15)
Interserve Investments Ltd	SPV Charges	(79)	(19)
Sodexo Ltd	Operator & SPV fees	(19,650)	(1,741)

All of the above transactions were at normal commercial rates.

The Company has taken advantage of the exemptions in FR8 "Related Party Disclosures", not to disclose transactions with group undertakings.

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year Ended 31 March 2015**

17. ULTIMATE CONTROLLING PARTIES

Addiewell Prison (Holdings) Limited is owned equally by 3 parties: Sodexo Investment Services Limited, Interserve plc and Infrastructure Investments Holdings Limited.

Accordingly, the Directors are of the opinion that the company does not have an ultimate controlling party. These are the smallest and largest group accounts prepared of which the company is a member.

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2015 £'000	2014 £'000
Operating profit	1,834	1,982
Decrease in debtors	2,257	1,573
Increase/(decrease) in creditors	467	(152)
	<hr/>	<hr/>
Net cash flow from operating activities	4,558	3,403
	<hr/>	<hr/>

19. ANALYSIS OF MOVEMENT IN NET DEBT

	31 March 2014 £'000	Cash flows £'000	Other non cash movements £'000	31 March 2015 £'000
Cash at bank and in hand	9,553	(384)	-	9,169
Working capital loan	(2,850)	(150)	-	(3,000)
Debt issue costs	783	-	(42)	741
Term loan due within one year	(3,375)	3,375	(3,561)	(3,561)
Term loan due after one year	(79,934)	-	3,561	(76,373)
Controlling party loan due within 1 year	(153)	153	(133)	(133)
Controlling party loan due after 1 year	(8,743)	-	133	(8,610)
	<hr/>	<hr/>	<hr/>	<hr/>
	(84,719)	2,994	(42)	(81,767)
	<hr/>	<hr/>	<hr/>	<hr/>

ADDIEWELL PRISON (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year Ended 31 March 2015**

20. FINANCIAL INSTRUMENTS

	2015 £'000	2014 £'000
Interest rate swap on loans		
Fair value of interest rate swaps	(23,234)	(35,882)

On 20 June 2006, in order to hedge against interest variations the group entered into a 25 year interest rate swap agreement with the Royal Bank of Scotland plc whereby, at monthly intervals during construction and six monthly intervals during operations, sums are exchanged reflecting the difference between the floating and fixed interest rates, calculated on a predetermined notional principal amount. The fixed interest rate is 5.04% on the senior loan. As the interest rate swap is considered to be effective, the value has not been accounted for within these financial statements.