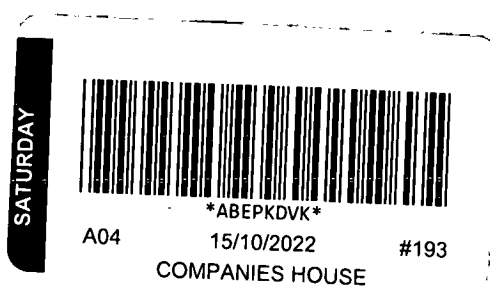


Registered number: 02878845

**THE GEO GROUP UK LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**



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**THE GEO GROUP UK LIMITED**

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**COMPANY INFORMATION**

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | G C Zoley<br>B R Evans<br>B Davis (resigned 14 May 2021)<br>J H Black (appointed 14 May 2021)                       |
| <b>Company secretaries</b> | J Negron  |
| <b>Registered number</b>   | 02878845  |
| <b>Registered office</b>   | 1 St. James Court<br>Whitefriars<br>Norwich<br>Norfolk<br>England<br>NR3 1RU  |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>Seacourt Tower<br>Botley<br>Oxford<br>OX2 0JJ |
| <b>Bankers</b>             | Barclays Bank PLC<br>2 Churchill Place<br>Canary Wharf<br>London<br>E14 5RB   |
| <b>Solicitors</b>          | Mills & Reeve LLP<br>1 St James Court<br>Whitefriars<br>Norwich<br>NR3 1RU  |

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THE GEO GROUP UK LIMITED

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CONTENTS

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|   | Page    |
|---|---------|
| Directors' report                         | 1 - 3   |
| Independent auditor's report              | 4 - 8   |
| Statement of income and retained earnings | 9       |
| Statement of financial position           | 10 - 11 |
| Notes to the financial statements         | 12 - 24 |

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**THE GEO GROUP UK LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Principal activity**

The GEO Group UK Limited (hereafter 'GEO UK') operates in the criminal justice market, providing custody, escorting and offender management services to primarily public sector organisations. Our services are delivered in accordance with our core values of safety, care, quality, innovation and integrity.

**Directors**

The directors who served during the year were:

G C Zoley  
B R Evans  
B Davis (resigned 14 May 2021)  
J H Black (appointed 14 May 2021)

**Directors' responsibilities statement**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**THE GEO GROUP UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Going concern**

As a part of their going concern assessment the Directors have considered the cash requirements for the next 12 months from the date of approval of these financial statements.

The loss of the Home Office Dungavel contract referred to in the directors' report in September 2021, leaves the company with no immediate operational income. All liabilities relating to the Dungavel operation have been settled with the exception of some limited maintenance activities that could not be completed during the winter of 2021, and adequate provision has been made for these obligations.

The company will continue to actively seek opportunities in the UK market and in the meantime, any limited post contract expenditure related to statutory returns, retention of documents, and the annual audit will be met from existing cash resources and/or dividends from the GEO Amey JV. Currently, the company no longer employs any staff in the UK after all staff were transferred to the new operator in terms of TUPE regulations.

The directors will actively consider any new project opportunities as they arise, but it is unlikely that any new projects will generate additional income in the 12 months from the date approval of these financial statements due to the timescales associated with the tender and bidding process typically associated with the nature of the companies business.

Until such time as a suitable opportunity is identified, the directors will ensure that the company will continue to have sufficient resources to meet any potential liabilities.

In response to any new project opportunities a budget to cover the bid costs would be prepared and would be met from current cash reserves, future dividend receipts, or funded separately by the parent company.

**Qualifying third party indemnity provisions**

The Company has maintained directors' and officers' liability insurance in respect of its directors.

**Disclosure of information to auditor**

The directors confirmed 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 the 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**

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

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THE GEO GROUP UK LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 7/10/2022 and signed on its behalf.

*Brian Evans*

**B R Evans**  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEO GROUP UK LIMITED

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### Opinion

We have audited the financial statements of The Geo Group UK Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of income and retained earnings, the Statement of financial position 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEO GROUP UK LIMITED  
(CONTINUED)**

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Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**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 has been prepared in accordance with applicable legal requirements.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEO GROUP UK LIMITED (CONTINUED)**

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### **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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, 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.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEO GROUP UK LIMITED  
(CONTINUED)**

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks FRS 102, and the Companies Act 2006.
- We understood how The Geo Group UK Limited complies with those legal and regulatory frameworks by making enquires of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes. In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of information provided to staff to inform them of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- We assessed the susceptibility of The Geo Group UK Limited's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a high-level fraud risk assessment. We considered the risk of fraud to be higher through the potential for management override of controls. Our audit procedures involved:
  - Evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - Journal entry testing, with a focus on material manual journals, those posted directly to cash;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; including the adequacy of provisions.
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GEO GROUP UK LIMITED  
(CONTINUED)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements:
  - We assessed the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
    - Knowledge of the industry in which the client operates;
    - Understanding of the legal and regulatory requirements specific to the entity including:
      - The provisions of the applicable legislation;
      - The applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

**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*

Madeleine Malenczuk FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Oxford  
Date: 7/10/2022

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**THE GEO GROUP UK LIMITED**

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**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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|   | Note | 2021<br>£          | 2020<br>£          |
|---|------|--------------------|--------------------|
| Turnover  |      | 4,721,363          | 6,289,410          |
| Cost of sales                                   |      | (2,874,441)        | (3,651,460)        |
| <b>Gross profit</b>                             |      | <b>1,846,922</b>   | <b>2,637,950</b>   |
| Administrative expenses                         |      | (1,211,317)        | (1,468,821)        |
| Other operating income                          |      | 182,579            | -                  |
| <b>Operating profit</b>                         |      | <b>818,184</b>     | <b>1,169,129</b>   |
| Income from shares in group undertakings        |      | 3,750,000          | -                  |
| Interest payable and similar                    |      | (31,836)           | (72,500)           |
| <b>Profit before tax</b>                        |      | <b>4,536,348</b>   | <b>1,096,629</b>   |
| Tax credit                                      | 5    | -                  | 258,383            |
| <b>Profit after tax</b>                         |      | <b>4,536,348</b>   | <b>1,355,012</b>   |
| Retained earnings at the beginning of the year  |      | (6,324,479)        | (7,679,491)        |
|   |      | (6,324,479)        | (7,679,491)        |
| Profit for the year                             |      | 4,536,348          | 1,355,012          |
| <b>Retained earnings at the end of the year</b> |      | <b>(1,788,131)</b> | <b>(6,324,479)</b> |

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of income and retained earnings.

The notes on pages 12 to 24 form part of these financial statements.

**THE GEO GROUP UK LIMITED**  
**REGISTERED NUMBER:02878845**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

|  | Note | 2021<br>£               | 2020<br>£               |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Tangible assets                                | 6    | -                       | 66,203                  |
| Investments                                    | 7    | 1                       | 1                       |
|  |      | <u>1</u>                | <u>66,204</u>           |
| <b>Current assets</b>                          |      |                         |                         |
| Stocks   |      | -                       | 86,336                  |
| Debtors  | 8    | 93,759                  | 815,250                 |
| Cash at bank and in hand                       | 9    | 4,359,179               | 1,174,679               |
|  |      | <u>4,452,938</u>        | <u>2,076,265</u>        |
| Creditors: amounts falling due within one year | 10   | (221,429)               | (2,347,307)             |
| <b>Net current assets/(liabilities)</b>        | 11   | <u>4,231,509</u>        | <u>(271,042)</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>4,231,510</u>        | <u>(204,838)</u>        |
| <b>Provisions for liabilities</b>              |      |                         |                         |
| Provisions                                     |      | (50,000)                | (150,000)               |
|  |      | <u>(50,000)</u>         | <u>(150,000)</u>        |
| <b>Net assets/(liabilities)</b>                |      | <u><u>4,181,510</u></u> | <u><u>(354,838)</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        |      | 125,003                 | 125,003                 |
| Share premium account                          | 12   | 2,225,058               | 2,225,058               |
| Capital redemption reserve                     | 12   | 2,919,580               | 2,919,580               |
| Other reserves                                 | 12   | 700,000                 | 700,000                 |
| Profit and loss account                        | 12   | (1,788,131)             | (6,324,479)             |
|  |      | <u><u>4,181,510</u></u> | <u><u>(354,838)</u></u> |

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**THE GEO GROUP UK LIMITED**  
**REGISTERED NUMBER:02878845**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2021**

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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7/10/2022

*Brian Evans*

**B R Evans**  
Director

The notes on pages 12 to 24 form part of these financial statements.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

The Geo Group UK Limited is a private company limited by shares and registered in England and Wales. Registered number: 02878845. Its registered head office is located at 1 St. James Court, Whitefriars, Norwich, Norfolk, England, NR3 1RU and the principal place of business is Dungavel House IRC, Muirkirk Road, Strathaven, ML10 6RF.

In 2011, the Home Office awarded the GEO Group (UK) Ltd an 8 year contract for the operational maintenance and management of Dungavel IRC (Immigration Removal Centre). That contract was due to terminate in September 2019. By agreement, the termination date was extended to September 2021 with revised fixed fees for extra staffing, medical services and a revised variable fee depending on occupancy. The contract extension bid with the Home Office in October 2020 was unsuccessful. In the absence of the contract that terminated in September 2021, no income is expected in the near future due to the tender and bidding process timescales typically associated with the nature of the company's business. The directors intend to actively consider new opportunities in the UK market but as indicated above, these are unlikely to generate additional revenue within the 12 months following the approval of these financial statements.

Despite the current contract's termination in September 2021, the Company's directors are confident that it has sufficient resources to meet any potential liabilities.

For the accounting period ending 31 December 2021 the Dungavel IRC project was a binding contractual arrangement to operate and maintain the facility and provide detainees with a safe and secure environment. The fee covered all the costs of operating, maintaining and managing the centre. Maintenance obligations included the replacement of equipment that had reached the end of its useful life and the maintenance of infrastructure to a standard that allowed the Contractor to meet its obligations. This contractual arrangement ran up until 24 September 2021, when the contract expired.

The GEO Group Limited employed the operational and maintenance staff required and supplemented these resources with outsourced medical services and some specialist maintenance and repair services. The fixed monthly fee covered all these costs while the variable fee covered the variable fees associated with the direct costs of food and toiletries etc for the detainees.

The arrangement falls under the definition of a service concession arrangement under Section 34 of FRS 102.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.2 Going concern**

As a part of their going concern assessment the Directors have considered the cash requirements for the next 12 months from the date of approval of these financial statements.

The loss of the Home Office Dungavel contract referred to in the directors' report in September 2021, leaves the company with no immediate operational income. All liabilities relating to the Dungavel operation have been settled with the exception of some limited maintenance activities that could not be completed during the winter of 2021, and adequate provision has been made for these obligations.

The company will continue to actively seek opportunities in the UK market and in the meantime, any limited post contract expenditure related to statutory returns, retention of documents, and the annual audit will be met from existing cash resources and/or dividends from the GEO Amey JV. Currently, the company no longer employs any staff in the UK after all staff were transferred to the new operator in terms of TUPE regulations.

The directors will actively consider any new project opportunities as they arise, but it is unlikely that any new projects will generate additional income in the 12 months from the date approval of these financial statements due to the timescales associated with the tender and bidding process typically associated with the nature of the companies business.

Until such time as a suitable opportunity is identified, the directors will ensure that the company will continue to have sufficient resources to meet any potential liabilities.

In response to any new project opportunities a budget to cover the bid costs would be prepared and would be met from current cash reserves, future dividend receipts, or funded separately by the parent company.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.



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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.4 Other income**

Other income relates to the services performed in facilitating the installation or upgrade of assets in the Immigration Removal Centre. Other income is recognised proportionately based on the stage of completion of the relevant assets as at the year end.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis(unless the remaining revenue contract period is shorter than the below in which case it is until the end of the revenue contract period):

|                    |                |
|--------------------|----------------|
| Computer equipment | - 5 years      |
| Plant & Equipment  | - 3 - 10 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of income and retained earnings.

**2.8 Debtors**

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

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.9 Cash and cash equivalents**

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

**2.10 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

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

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

**2.11 Creditors**

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

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.12 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP Sterling (£).

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

**2.13 Finance costs**

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

**2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.15 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.16 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.18 Taxation**

Tax is recognised in Statement of income and retained earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

**Dilapidation's provision**

The company incurred additional maintenance expenditure during the year in order to hand back the facility in September 2021, the end of the contract term. In many instances, refurbishment work identified in the dilapidation survey was, in GEO's opinion, beyond the scope of GEO's maintenance obligations. However, in a spirit of co-operation GEO agreed to limited additional expenditure which would prolong the life of the infrastructure. In the main these related to roofing and windows, which will need replacing in the longer term. The Home office have not made any additional maintenance requests since the contract termination date.

Provision was made at the end of 2020 for the bulk of the additional maintenance costs and the work was largely completed during the last months of the contract. However, it was not possible to complete repairs to the external brickwork until the summer of 2022. In addition, after interaction with the Home Office related to the basement flooding, maintenance to the basement steel supports was identified for which contractor's quotes had to be obtained. As the Home office wish to implement a longer-term solution, GEO has offered to contribute an amount equal to the cost of repairs to the basement steel supports and beams and we await the Home Office response.

These costs are not expected to exceed £50,000 and provision has been made for this amount. Since the contract termination date, the Home Office has not advised GEO of any other maintenance work they consider to be outstanding.

**4. Employees**

The directors consider that they are the only key management personnel and are not remunerated through this Company (2020: £Nil).

The average monthly number of employees, including directors, during the year was 74 (2020: 103).

**5. Taxation**

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| <b>Corporation tax</b>                                  |           |           |
| Group relief payable/(receivable)                       | -         | (258,383) |
|   | -         | (258,383) |
| <b>Total current tax</b>                                | -         | (258,383) |
| <b>Deferred tax</b>                                     |           |           |
| <b>Total deferred tax</b>                               | -         | -         |
| <b>Taxation on profit/(loss) on ordinary activities</b> | -         | (258,383) |

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**5. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: *lower than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| Profit on ordinary activities before tax  | <u>4,536,348</u> | <u>1,096,629</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | <b>149,406</b>   | 208,360          |
| <b>Effects of:</b>  |                  |                  |
| Fixed asset differences   | 8,696            | 11,237           |
| Expenses not deductible for tax purposes  | -                | 281              |
| Other permanent differences   | (34,671)         | 139              |
| Payment/(receipt) for group relief  | -                | (258,383)        |
| Remeasurement of deferred tax for changes in tax rates  | -                | (320,973)        |
| Tax adjustments, reliefs and transfers  | (854,462)        | -                |
| Deferred tax not recognised   | 731,031          | 100,956          |
| <b>Total tax charge for the year</b>  | <u>-</u>         | <u>(258,383)</u> |

**Factors that may affect future tax charges**

The company has tax losses of £12,109,072 (2020: £12,591,783) available to carry forward to future periods. Also, management has taken a prudent approach and decided not to recognise a deferred tax asset in light of not making sustainable profits and uncertainty about the future.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**6. Tangible fixed assets**

|   | Computer<br>equipment<br>£ | Plant &<br>equipment<br>£ | Total<br>£ |
|---|----------------------------|---------------------------|------------|
| At 1 January 2021   | 151,503                    | 559,912                   | 711,415    |
| Transfer of ownership to the Authority on contract termination          | (151,503)                  | (559,912)                 | (711,415)  |
| At 31 December 2021   | -                          | -                         | -          |
| At 1 January 2021   | 144,710                    | 500,502                   | 645,212    |
| Charge for the year on owned assets                                     | 6,793                      | 59,410                    | 66,203     |
| Depreciation on assets transferred to Authority on contract termination | (151,503)                  | (559,912)                 | (711,415)  |
| At 31 December 2021   | -                          | -                         | -          |
| <b>Net book value</b>   |                            |                           |            |
| At 31 December 2021   | -                          | -                         | -          |
| At 31 December 2020   | 6,793                      | 59,410                    | 66,203     |

Following the end of the Dungavel contract, the fixed assets became property of the Home Office.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**7. Fixed asset investments**

|                          | <b>Investments<br/>in subsidiary<br/>companies<br/>£</b> |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 January 2021        | 1  |
| At 31 December 2021      | <u>1</u>   |

This is an investment in the Geo Group Limited which owns the investment in the joint venture Geo Amey Limited. Geo Group UK Limited owns 100% of the ordinary share capital of Geo Group Limited. The registered address of Geo Group Limited is 1 St. James Court, Whitefriars, Norwich, Norfolk, United Kingdom, NR3 1RU.

**8. Debtors**

|                                | <b>2021<br/>£</b>    | <b>2020<br/>£</b> |
|--------------------------------|----------------------|-------------------|
| Trade debtors                  | <b>93,759</b>        | 654,202           |
| Other debtors                  | -                    | 21,032            |
| Prepayments and accrued income | -                    | 140,016           |
|                                | <u><b>93,759</b></u> | <u>815,250</u>    |

An impairment loss of £Nil (2020: £Nil) was recognised against trade debtors.

**9. Cash and cash equivalents**

|                          | <b>2021<br/>£</b>       | <b>2020<br/>£</b> |
|--------------------------|-------------------------|-------------------|
| Cash at bank and in hand | <u><b>4,359,179</b></u> | <u>1,174,679</u>  |



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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**10. Creditors: Amounts falling due within one year**

|                                    | <b>2021</b>           | <b>2020</b>             |
|------------------------------------|-----------------------|-------------------------|
|                                    | <b>£</b>              | <b>£</b>                |
| Trade creditors                    | <b>47,996</b>         | 180,238                 |
| Amounts owed to group undertakings | -                     | 1,437,375               |
| Other taxation and social security | <b>5,728</b>          | 304,407                 |
| Other creditors                    | <b>1,434</b>          | 106,359                 |
| Accruals and deferred income       | <b>166,271</b>        | 318,928                 |
|                                    | <u><b>221,429</b></u> | <u><b>2,347,307</b></u> |

**11. Financial instruments**

|  | <b>2021</b>             | <b>2020</b>               |
|--|-------------------------|---------------------------|
|  | <b>£</b>                | <b>£</b>                  |
| <b>Financial assets</b>                          |                         |                           |
| Financial assets measured at amortised cost      | <u><b>4,452,939</b></u> | <u><b>1,849,914</b></u>   |
| <b>Financial liabilities</b>                     |                         |                           |
| Financial liabilities measured at amortised cost | <u><b>(215,701)</b></u> | <u><b>(2,042,900)</b></u> |

Financial assets measured at amortised cost comprise cash, investments in subsidiaries, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group companies.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**12. Reserves**

**Share premium account**

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Capital redemption reserve**

Capital redemption - records the nominal value of shares repurchased by the Company.

**Other reserves**

Other - records a capital contribution from the parent.

**Profit & loss account**

Profit and loss account – includes all current and prior period retained profits and losses.

**13. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £81,892 (2020: £113,973). Contributions totaling £Nil (2020: £24,304) were payable to the fund at the balance sheet date and are included in other creditors.

**14. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|                       | 2021<br>£ | 2020<br>£ |
|-----------------------|-----------|-----------|
| Not later than 1 year | -         | 1,480     |

**15. Related party transactions**

Being a 100% owned subsidiary, the Company has taken advantage of the exemption, as conferred by Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose transactions with other members of the group headed by The GEO Group Inc.

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**THE GEO GROUP UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**16. Controlling party**

The immediate parent undertaking is GEO International Holdings, LLC.

The ultimate parent undertaking and smallest and largest group for which consolidated accounts are available is the GEO Group Inc. The Company is incorporated in the United States of America and is organised under the law of the state of Florida. Group accounts are available from The GEO Group Inc. 4955 Technology Way, Boca Raton, Florida 33431, United States of America.