

Registered number: 02878845

THE GEO GROUP UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



THE GEO GROUP UK LIMITED

COMPANY INFORMATION

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

THE GEO GROUP UK LIMITED

CONTENTS

	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 - 23

THE GEO GROUP UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

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
J D Donahue (resigned 12 July 2020)
B Davis (resigned 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.

THE GEO GROUP UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 existing Home Office Dungavel contract (please see note 1 on page 12) will leave the company with no foreseeable operational income beyond September 2021 and the current liabilities and cash flows have been managed in recognition of this situation. Accordingly, the company took steps to repay all existing intercompany loans which were settled in June 2021.

The company will have no obligation to existing staff following the TUPE transfer of the current operations to the new contractor. The company is confident that the current cash balances are sufficient to meet all other contractual, legal, and statutory obligations following the termination of the company's operations at Dungavel. All fixed assets will be fully depreciated by the contract termination date.

The company will continue in existence, without any trading activity for the foreseeable future with any limited post contract expenditure related to statutory returns and the annual audit, and which will be met by the available cash reserves.

The directors will consider any new project opportunities as they arise, but it is unlikely that any new projects will generate any additional income in the 12 months from the date approval of these financial statements.

Following from the contract termination in September 2021, and until such time as a suitable opportunity is identified, the directors are confident that the company will continue to have sufficient resources to meet any potential liabilities.

If it is decided to bid for new projects 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 confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all 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.

THE GEO GROUP UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 17/12/2021 and signed on its behalf.

Brian Evans

B R Evans
Director



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

Opinion

We have audited the financial statements of The Geo Group UK Limited (the 'Company') for the year ended 31 December 2020, 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 2020 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.



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

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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)

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. This description forms part of our Auditor's report.



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

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 enquiries 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 enquires 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 dilapidation provision, contingent liability disclosure requirements, and 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: 17/12/2021

THE GEO GROUP UK LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover		6,289,410	5,717,318
Cost of sales		(3,651,460)	(3,526,276)
Gross profit		2,637,950	2,191,042
Administrative expenses		(1,468,821)	(2,005,547)
Other operating income		-	377,201
Operating profit		1,169,129	562,696
Income from shares in group undertakings		-	3,000,000
Interest receivable and similar income		-	6,545
Interest payable and expenses		(72,500)	(231,845)
Profit before tax		1,096,629	3,337,396
Tax credit	5	258,383	15,262
Profit after tax		1,355,012	3,352,658
Retained earnings at the beginning of the year		(7,679,491)	(11,032,149)
		(7,679,491)	(11,032,149)
Profit for the year		1,355,012	3,352,658
Retained earnings at the end of the year		(6,324,479)	(7,679,491)

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of income and retained earnings.

The notes on pages 12 to 23 form part of these financial statements.

THE GEO GROUP UK LIMITED
REGISTERED NUMBER:02878845

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	6	66,203	225,420
Investments	7	1	1
		<u>66,204</u>	<u>225,421</u>
Current assets			
Stocks		86,336	92,708
Debtors	8	815,250	842,710
Cash at bank and in hand	9	1,174,679	836,111
		<u>2,076,265</u>	<u>1,771,529</u>
Creditors: amounts falling due within one year	10	(2,347,307)	(1,569,400)
Net current (liabilities)/assets		<u>(271,042)</u>	<u>202,129</u>
Total assets less current liabilities		<u>(204,838)</u>	<u>427,550</u>
Creditors: amounts falling due after more than one year	11	-	(1,987,400)
Provisions for liabilities			
Provisions	3	(150,000)	(150,000)
		<u>(150,000)</u>	<u>(150,000)</u>
Net liabilities		<u>(354,838)</u>	<u>(1,709,850)</u>
Capital and reserves			
Called up share capital		125,003	125,003
Share premium account	13	2,225,058	2,225,058
Capital redemption reserve	13	2,919,580	2,919,580
Other reserves	13	700,000	700,000
Profit and loss account	13	(6,324,479)	(7,679,491)
		<u>(354,838)</u>	<u>(1,709,850)</u>

THE GEO GROUP UK LIMITED
REGISTERED NUMBER:02878845

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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 17/12/2021

Brian Evans

B R Evans
Director

The notes on pages 12 to 23 form part of these financial statements.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 existing contract, the company will not have any foreseeable operational income beyond 2021. As new projects develop, the directors will consider them as they arise, but it is unlikely that any of these new projects will bring any additional income in the year following the date these financial statements are approved.

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 2020 the Dungavel IRC project is a binding contractual arrangement to operate and maintain the facility and provide detainees with a safe and secure environment. The fee covers all the costs of operating, maintaining and managing the centre. Maintenance obligations include the replacement of equipment that has reached the end of its useful life and the maintenance of infrastructure to a standard that allows the Contractor to meet its obligations.

The GEO Group Limited employs the operational and maintenance staff required and supplements these resources with outsourced medical services and some specialist maintenance and repair services. The fixed monthly fee covers all these costs while the variable fee covers 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:

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 existing Home Office Dungavel contract (please see note 1 on page 12) will leave the company with no foreseeable operational income beyond September 2021 and the current liabilities and cash flows have been managed in recognition of this situation. Accordingly, the company took steps to repay all existing intercompany loans which were settled in June 2021.

The company will have no obligation to existing staff following the TUPE transfer of the current operations to the new contractor. The company is confident that the current cash balances are sufficient to meet all other contractual, legal, and statutory obligations following the termination of the company's operations at Dungavel. All fixed assets will be fully depreciated by the contract termination date.

The company will continue in existence, without any trading activity for the foreseeable future with any limited post contract expenditure related to statutory returns and the annual audit, and which will be met by the available cash reserves.

The directors will consider any new project opportunities as they arise, but it is unlikely that any new projects will generate any additional income in the 12 months from the date approval of these financial statements.

Following the contract termination in September 2021 and until such time as a suitable opportunity is identified, the directors are confident that the company will continue to have sufficient resources to meet any potential liabilities.

If it is decided to bid for new projects 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 contracts to provide services is recognised in the period in which the services are provided in accordance with agreed contract conditions, and 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.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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 profit or loss.

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.

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.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**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, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 profit or loss 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 profit or loss within 'other operating income'.

2.13 Finance costs

Finance costs are charged to profit or loss 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 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.15 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 profit or loss 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.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.16 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 profit or loss 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 Statement of financial position 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.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Due to additional repairs and refurbishments, beyond the normal maintenance requirements, that may be required to hand the facility back at the end contract term, the Company has made a provision to cover any refurbishment backlog that may be necessary to address prior to termination of the current contract. This is managements best estimate based on their understanding of future expected dilapidation costs.

At the time of preparing the Financial Statements the Company has handed back the facility to the Home following the award of the contract to another contractor. Apart from two maintenance obligations that the Company was unable to fulfil prior to the contract end date, and for which adequate provision has been made, the facility was successfully handed over to the new contractor on 24 September 2021.

There is no obligation on behalf of the Home Office to provide a formal sign off and acceptance of the facility. However, 10 weeks after the handover of the facility the Company has not received any indication, either from the Home Office or the new contractor, that any other outstanding maintenance obligations remain.

Should the Home Office belatedly identify maintenance obligations that it believes are outstanding, the Company will cooperate with the Home Office to ensure that all contractual obligations are fulfilled. The directors are of the opinion that any such maintenance obligations would be relatively minor in scope and that sufficient provisions are available to meet any such obligations.

The Company has communicated its view to the Home Office that major renovations and restoration of the facility (identified in the dilapidation survey) are beyond the obligations to maintain the facility in a manner which allows the service obligations to be performed and to provide accommodation suitable for detainees.

4. Employees

The directors consider that they are the only key management personnel and are not remunerated through this Company (2019: £Nil).

The average monthly number of employees, including directors, during the year was 103 (2019: 89).

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Taxation

	2020	2019
	£	£
Corporation tax		
Group relief payable/(receivable)	(258,383)	-
Adjustments in respect of prior periods	-	(15,262)
Total current tax	(258,383)	(15,262)
Deferred tax		
Total deferred tax	-	-
Taxation on loss on ordinary activities	(258,383)	(15,262)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	1,096,629	3,337,396
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	208,360	634,105
Effects of:		
Fixed asset differences	11,237	12,787
Expenses not deductible for tax purposes	281	-
Income not taxable for tax purposes	-	(570,000)
Other permanent differences	139	1,277
Payment/(receipt) for group relief	(258,383)	-
Adjustments to tax charge in respect of previous periods	-	(15,262)
Adjust closing deferred tax to average rate of 19.00%	-	321,340
Adjust opening deferred tax to average rate of 19.00%	-	(329,021)
Remeasurement of deferred tax for changes in tax rates	(320,973)	-
Deferred tax not recognised	100,956	(65,289)
Unexplained difference	-	(5,199)
Total tax charge for the year	(258,383)	(15,262)

Factors that may affect future tax charges

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Taxation (continued)

The current year's tax credit relates to the consortium relief receipt from joint venture Geo-Amey. 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.

6. Tangible fixed assets

	Computer equipment £	Plant & equipment £	Total £
Cost or valuation			
At 1 January 2020	148,586	517,636	666,222
Additions	2,917	42,276	45,193
At 31 December 2020	<u>151,503</u>	<u>559,912</u>	<u>711,415</u>
Depreciation			
At 1 January 2020	117,575	323,227	440,802
Charge for the year on owned assets	27,135	177,275	204,410
At 31 December 2020	<u>144,710</u>	<u>500,502</u>	<u>645,212</u>
Net book value			
At 31 December 2020	<u>6,793</u>	<u>59,410</u>	<u>66,203</u>
At 31 December 2019	<u>31,011</u>	<u>194,409</u>	<u>225,420</u>

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	1
At 31 December 2020	<u>1</u>

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Fixed asset investments (continued)

This is an investment in the Geo Group Limited which owns the investment in the joint venture Geo Amey Pecs 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

	2020 £	2019 £
Trade debtors	654,202	676,325
Other debtors	21,032	34,051
Prepayments and accrued income	140,016	132,334
	<u>815,250</u>	<u>842,710</u>

An impairment loss of £Nil (2019: £Nil) was recognised against trade debtors.

9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>1,174,679</u>	<u>836,111</u>

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	180,238	272,094
Amounts owed to group undertakings	1,437,375	303,329
Other taxation and social security	304,407	288,618
Other creditors	106,359	302,521
Accruals and deferred income	318,928	402,838
	<u>2,347,307</u>	<u>1,569,400</u>

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to group undertakings	-	1,987,400
	<u> </u>	<u> </u>

12. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at amortised cost	<u>1,849,914</u>	<u>1,546,488</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,042,900)</u>	<u>(3,268,182)</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.

13. 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.

THE GEO GROUP UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. 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 £113,973 (2019: £100,163). Contributions totaling £24,304 (2019: £47,390) were payable to the fund at the balance sheet date and are included in other creditors.

15. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	<u>1,480</u>	<u>5,100</u>

16. 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.

17. 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.