

**G4S Care and Justice Services (UK)
Limited**
(formerly G4S Justice Services Limited)

REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2008

SATURDAY



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30/05/2009
COMPANIES HOUSE

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

DIRECTORS AND OFFICERS

DIRECTORS

D Banks

J Makin

J Darnton

SECRETARY

V Patel

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITORS

KPMG Audit Plc
1 Canada Square
Canary Wharf
London E14 5AG, United Kingdom

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

DIRECTORS' REPORT

The directors submit their report and the financial statements of G4S Care and Justice Services (UK) Limited (formerly G4S Justice Services Limited) for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the company are those of justice and judicial activities including custody, rehabilitation and electronic monitoring of offenders and detention and escorting of immigrants.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company is a wholly owned subsidiary of G4S Plc and operates as part of the group's Security Solutions division. On 17 March 2009 the company changed its name to G4S Care and Justice Services (UK) Limited.

In the opinion of the directors, the company is well placed not only to maintain the current services, but also to expand its depth and range of services within markets where the trend to outsource services is expected to continue. The number and diversity of services contained within the service support industry is increasing so there is every likelihood that the company will be able to capitalise on this healthy growth sector.

KEY PERFORMANCE INDICATORS

Key performance indicators regarding the development, performance and position of the business are included within the Financial Review of the ultimate parent undertakings' consolidated financial statements (see note 16).

FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the company are disclosed in the ultimate parent undertakings' consolidated financial statements which are publicly available (see note 16).

PAYMENTS TO SUPPLIERS

The policy of payment of suppliers of the company is disclosed in the financial review in the ultimate parent company's financial statements which are publicly available (see note 16).

ENVIRONMENT

The company's business is not one that has a significant direct impact on the environment. However, the company recognises the importance of its responsibility to reduce environmental impact in such areas as energy usage, recycling, environmentally-friendly products and paper products, where it operates in accordance with the policies of G4S Plc as detailed in the group's Annual Report.

EMPLOYEES

Employee involvement and consultation is managed in a number of ways. These include keeping employees informed about current activities, progress and general matters through an intranet, staff meetings, newsletters, management road shows, bulletins and similar items as well as seeking their views through questionnaires and consultation with representatives where appropriate.

DISABLED PERSONS

The company's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled persons according to their aptitudes and abilities, and to the retention and retraining of employees who become disabled.

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

DIRECTORS' REPORT

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations of £62k during the year (2007: £nil). There were no political donations made by the company in either current or prior year.

DIVIDENDS

The directors do not recommend the payment of a dividend (2007: £nil).

DIRECTORS

The directors who held office during the year ended 31 December 2008, and subsequently, were:

D Banks (appointed 2 June 2008)
J Makin (appointed 12 June 2008)
J Darnton (appointed 11 December 2008)
P Moonan (resigned 2 June 2008)
J Alston (resigned 12 June 2008)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of such information.

AUDITORS

During the year, Baker Tilly UK Audit LLP resigned as auditors following the acquisition of the company by G4S Plc. KPMG Audit Plc was appointed, and a resolution to reappoint KPMG Audit Plc as auditors to the company will be proposed at the forthcoming annual general meeting, in accordance with section 384 of Companies Act 1985.

By order of the board



J Makin

15 May 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G4S JUSTICE SERVICES LIMITED

We have audited the financial statements of G4S Care and Justice Services (UK) Limited (formerly G4S Justice Services Limited) for the year ended 31 December 2008 which comprise Profit and Loss Account, the Balance Sheet, Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants, London
Registered Auditor
15 May 2009

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Turnover	1	137,988	120,951
Cost of sales		(115,921)	(102,848)
Gross profit		22,067	18,103
Administration expenses		(12,373)	(10,743)
Operating profit		9,694	7,360
Net interest receivable and similar income	2	217	379
Profit on ordinary activities before taxation	3	9,911	7,739
Taxation	5	(2,750)	(3,262)
Profit on ordinary activities after taxation	13	7,161	4,477

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

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

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

BALANCE SHEET

31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
FIXED ASSETS			
Tangible assets	6	5,287	3,618
Investments	7	14,246	15,434
		<u>19,533</u>	<u>19,052</u>
CURRENT ASSETS			
Stocks	8	383	327
Debtors	9	26,514	16,870
Bank and cash		781	5,687
		<u>27,678</u>	<u>22,884</u>
CREDITORS: Amounts falling due within one year	11	(26,111)	(28,120)
NET CURRENT ASSET / (LIABILITIES)		<u>1,567</u>	<u>(5,236)</u>
NET ASSETS		<u>21,100</u>	<u>13,816</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,500	1,500
Profit and loss account	13	19,210	12,049
Capital contribution reserve	14	390	267
EQUITY SHAREHOLDERS' FUNDS	15	<u>21,100</u>	<u>13,816</u>

These financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 15 May 2009 and signed on its behalf by:



J Makin
Director

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 228 of the Companies Act 1985, as it is a subsidiary undertaking of G4S Plc, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

CASH FLOW STATEMENT

Under FRS 1 (revised 1996) the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historic cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures, fittings and equipment	-	over 3 to 5 years
Motor vehicles	-	25% straight line

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary nature of the business.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

ACCOUNTING POLICIES (continued)

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term or fair value, whichever is lower. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The company participates in two group operated pension schemes; one is a defined benefit scheme and the other is a defined contribution scheme.

The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and has therefore taken advantage of the exemption available in FRS 17 to account for the contributions to the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions paid in the financial period.

INVESTMENTS

Investments in subsidiary undertakings are shown, at cost, as fixed asset investments. Provision is made for any permanent diminution in the value of fixed asset investments.

SHARE BASED PAYMENTS

G4S Care and Justice Services (UK) Limited (formerly G4S Justice Services Limited) has applied the optional transitional exemptions in FRS 20 Share-based Payment and implemented its requirements for grants of equity instruments made after 7 November 2002 which had not vested by 1 January 2006.

G4S Plc issues equity-settled share based payments to certain employees of G4S Justice Services Limited. The fair value of share-based payments is determined at the date of the grant and expensed with a corresponding increase in equity on a straight-line basis over the vesting period, based on the estimate of the shares that will eventually vest, in accordance with the UITF 44 'Group and Treasury Share Transactions'. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

The fair value of share-based payments granted in the form of options is measure by the use of the Black-Scholes valuation technique, adjusted for future dividend receipts and for any market-related performance conditions.

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1 TURNOVER

The group's turnover was all derived from its principal activity wholly undertaken in the United Kingdom.

2	NET INTEREST RECEIVABLE AND SIMILAR INCOME	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	Interest payable on loan notes	(25)	-
	Interest (payable to)/received from group undertakings	(20)	142
	Interest received from joint ventures	233	229
	Bank interest received	29	8
		<u>217</u>	<u>379</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period (note 6):		
Owned assets	2,081	1,993
Loss on disposal of fixed assets	7	24
Operating lease rentals:		
Land and buildings	1,476	1,335
Other	2,435	3,554
Auditors' remuneration		
Statutory audit	28	25
	<u></u>	<u></u>

4 EMPLOYEES

	Year ended 31 December 2008 Number	Year ended 31 December 2007 Number
The average monthly number of persons (including directors) employed by the company during the period was:		
Direct staff	2,184	2,032
Administrative	938	848
	<u>3,122</u>	<u>2,880</u>

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

4	EMPLOYEES (<i>continued</i>)	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	Staff costs for above persons:		
	Wages and salaries	63,907	58,784
	Social security costs	6,386	5,798
	Other pension costs	1,070	980
		<u>71,363</u>	<u>65,562</u>

PENSIONS

The company participates in two pension schemes for employees in the United Kingdom. These are the defined benefits pension scheme called the Securicor Group Pension Scheme "the defined benefits scheme" which is closed to new members and a defined contributions scheme called The G4S Personal Pension Plan "the defined contributions scheme".

G4S Care and Justice Services (UK) Limited is unable to identify its share of the underlying assets and liabilities of the scheme and has therefore taken advantage of the exemption available in FRS17 to account for contributions to the scheme as if it were a defined contributions scheme. Full details of the scheme, including the level of the overall deficit within it, can be found in the accounts of G4S Plc.

Contributions paid by the company during the period to the defined benefits scheme amount to £293,182 (2007: £284,643). The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 2006. The assets of the schemes are held in separate trustee administered funds.

DIRECTORS' REMUNERATION

The aggregate emoluments for the directors are disclosed below.

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Directors' emoluments (including pension contributions and benefits in kind)	<u>271</u>	<u>578</u>

The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
The highest paid director	<u>143</u>	<u>183</u>
The highest paid director Accrued pension entitlement	<u>-</u>	<u>14</u>

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

5	TAXATION	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	Current tax:		
	UK corporation tax on profits of the period	2,934	3,395
	Adjustments in respect of previous periods	(38)	-
	Total current tax	2,896	3,395
	Deferred taxation:		
	Origination and reversal of timing differences	(146)	(132)
	Total deferred tax	(146)	(132)
	Tax on profit on ordinary activities	2,750	3,262
	Factors affecting tax charge for period:	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	The tax assessed for the period is higher (2007: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
	Profit on ordinary activities before tax	9,911	7,739
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28.5% (2007: 30%)	2,825	2,322
	Effects of:		
	Expenses not deductible for tax purposes		
	- Permanent differences	103	920
	- Timing differences	(73)	-
	Adjustments in respect of previous periods	(38)	-
	Capital allowances for period in excess of depreciation	79	153
	Tax charge for period	2,896	3,395

G4S Care and Justice Services (UK) Limited

(formerly G4S Justice Services Limited)

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

6 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation			
1 January 2008 as previously stated	8,573	1,650	10,223
Prior year adjustment	547	-	547
1 January 2008 restated	9,120	1,650	10,770
Additions	3,716	41	3,757
Disposals	-	(14)	(14)
31 December 2008	12,836	1,677	14,513
Depreciation			
1 January 2008 as previously stated	5,693	912	6,605
Prior year adjustment	547	-	547
1 January 2008 restated	6,240	912	7,152
Charged in the year	1,703	378	2,081
Disposals	-	(7)	(7)
31 December 2008	7,943	1,283	9,226
Net book value			
31 December 2008	4,893	394	5,287
31 December 2007 as previously stated	2,880	738	3,618
31 December 2007 restated	2,880	738	3,618

The restatement of opening balances does not alter the brought forward net book value of fixed assets. Brought forward cost and accumulated depreciation have been changed to correctly reflect the underlying fixed asset register.

7 INVESTMENTS

	Subsidiary £'000	Joint Ventures £'000	Total £'000
Cost:			
1 January 2008	15,404	30	15,434
Impairment of investment	(1,423)	-	(1,423)
Additions	235	-	235
31 December 2008	14,216	30	14,246

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

7 INVESTMENTS (continued)

The joint venture investment in STC (Milton Keynes) Holdings Limited represents a 50% interest in the ordinary share capital of the company totalling £5,000. The company is managed by a board of 8 directors, 4 from G4S Care and Justice Services (UK) Limited, with no party having overall control. The company's period end is 31 December 2008 at which time it had Capital and Reserves of £10,000 and profit after tax of £nil.

Subsidiary undertakings:

Name	Country of registration or incorporation	Class of holding	Proportion held	Nature of business	Net assets	Profit for the year after taxation
G4S – PR Limited	England	Ordinary	100%	Provision of temporary staff	£1,499,025	£910,088

The accounts present information about the company as an individual undertaking, as the company has taken advantage of the exemption conferred by Section 228 of the Companies Act 1985. The ultimate holding company, G4S Plc, which is registered in England and Wales, produces consolidated accounts in which G4S Justice Services Limited is included.

The investment impairment in the year of £1,423k reflects a reduction in the deferred consideration relating to G4S PR Limited. Certain criteria which would have triggered the payments have not been met in the year and the conditions have now lapsed.

8	STOCKS	31 December 2008 £'000	31 December 2007 £'000
	Raw materials and consumables	383	327
9	DEBTORS	31 December 2008 £'000	31 December 2007 £'000
	Due within one year:		
	Trade debtors	6,455	5,874
	Amounts owed by parent and fellow subsidiary undertakings	8,409	821
	Amounts owed by associated undertakings	1,639	1,639
	Other debtors	815	72
	Prepayments and accrued income	8,819	8,233
		26,137	16,639
	Due in more than one year:		
	Deferred tax (note 10)	377	231
		26,514	16,870

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

10 DEFERRED TAX

	Deferred taxation £'000
Balance at 1 January 2008	231
Deferred tax credit in profit and loss account (note 5)	146
Balance at 31 December 2008	<u>377</u>
Accelerated capital allowances	377
Deferred tax asset	<u>377</u>

11 CREDITORS: Amounts falling due within one year	31 December 2008 £'000	31 December 2007 £'000
Trade creditors	3,229	3,129
Amounts owed to parent and fellow subsidiary undertakings	4,490	4,874
Other taxation and social security costs	5,108	4,815
Other creditors	970	3,136
Accruals and deferred income	12,314	12,166
	<u>26,111</u>	<u>28,120</u>

12 SHARE CAPITAL	31 December 2008 £'000	31 December 2007 £'000
Authorised: 20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, issued and fully paid: 1,500,000 ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>

13 PROFIT AND LOSS ACCOUNT	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
1 January 2008	12,049	7,572
Profit for the financial period	7,161	4,477
31 December 2008	<u>19,210</u>	<u>12,049</u>

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

14	CAPITAL CONTRIBUTION RESERVE	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
	1 January 2008	267	123
	Additions in year – FRS 20 charge	123	144
	31 December 2008	<u>390</u>	<u>267</u>

G4S Plc has two types of equity-settled, share-based payment scheme in place: (1) share options previously held by employees over Securicor Plc shares and rolled over to G4S Plc shares with the acquisition of that business on 19 July 2004, and (2) conditional allocations of G4S Plc shares.

G4S Plc has granted share options to the employees of G4S Care and Justice Services (UK) Limited. The company has measured the services received from the employees by reference to the fair value of the shares at the date those rights to shares were originally granted by G4S Plc in accordance with UITF 44 'Group and Treasury Share Transactions'.

The details of the share-based payments of G4S Plc are discussed in the group's annual report.

15	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	31 December 2008 £'000	31 December 2007 £'000
	Profit after taxation	7,161	4,477
	Additions to capital contribution reserve	123	144
	Net addition to shareholders' funds	<u>7,284</u>	<u>4,621</u>
	Opening shareholders' funds	13,816	9,195
	Closing shareholders' funds	<u>21,100</u>	<u>13,816</u>

16 ULTIMATE PARENT UNDERTAKING

At 31 December 2008 the ultimate holding company of G4S Care and Justice Services (UK) Limited was G4S Plc which is registered in England and Wales. Copies of the group accounts of G4S Plc can be obtained from The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN.

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2008 £'000	31 December 2007 £'000
Land and buildings:		
expiring within one year	76	-
expiring in years two to five	827	973
expiring after more than five years	136	-
Other:		
expiring within one year	150	96
expiring in years two to five	202	1,737
	<u>1,391</u>	<u>2,806</u>

18 CONTINGENT LIABILITIES

- a) The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. The liability of the UK group registration at 31 December 2008 totalled £25,820,269 (2007: £26,011,889).
- b) The company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a revolving credit loan facility granted to G4S Plc, details of which are disclosed in the group accounts of G4S Plc.

19 RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of G4S Plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements, of G4S Plc, within which this Company is included, can be obtained from G4S Plc, Manor Royal, The Manor, Crawley, West Sussex, RH10 9UN.

The company is related by way of a 49.32% group shareholding to Bridgend Custodial Services Limited and a 50% shareholding to STC (Milton Keynes) Holdings Limited.

The following transactions occurred with these companies during the year, together with the related year end positions:

	Turnover £'000	Interest received £'000	Debtor/ (creditor) £'000
Bridgend Custodial Services Limited	27,871	-	(66)
STC (Milton Keynes) Limited	11,551	231	950

G4S Care and Justice Services (UK) Limited

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NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2008

20 POST BALANCE SHEET EVENTS

On 31 March 2009 a structural reorganisation occurred of the UK & I Region within G4S Plc. As a consequence the trade and assets relating to care and justice contracts residing in G4S Integrated Services (UK) Limited (formerly GSL UK Limited) transferred to G4S Care and Justice Services (UK) Limited (formerly G4S Justice Services Limited). This achieved the aim of having similar contracts within the same legal entity.

Another consequence of the structural reorganisation has been the change in the immediate parent of G4S Care and Justice Services (UK) Limited to G4S Regional Management (UK&I) Limited. The ultimate party as shown in note 16 above has not changed.