

Serco International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013



A company registered in England and Wales, number: 02324094

Serco International Limited

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Serco International Limited

Company Information

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

Auditor Deloitte LLP
London
United Kingdom

Serco International Limited

Director's Report for the Year Ended 31 December 2013

The director presents his report and the financial statements for the year ended 31 December 2013. As set out in note 2 to the financial statements, the director considers it appropriate to prepare the accounts on the going concern basis.

Director of the Company

The director who held office during the year and to the date of this report was as follows:

G Leach

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Auditor

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the reappointment of auditors annually are currently in force.

Approved by the Board on 15 August 2014 and signed on its behalf by:


.....
G Leach
Director

Serco International Limited

Strategic Report for the Year Ended 31 December 2013

The director presents his Strategic Report for the year ended 31 December 2013.

Principal activity

The principal activity of the Company is that of a holding company.

Business review

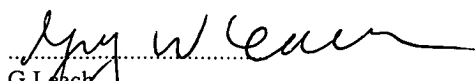
During the year management charges of £119k (2012: £98k) were received from group companies. No significant administration costs were incurred in the year (2012: £210k). The Company has generated a loss of £301k (2012: £489k) due to interest payments to group companies.

Principal risks and uncertainties

The Company's principal financial instruments are its intercompany receivables and payables. The director does not consider that the Company is exposed to significant interest rate or liquidity risk because the interest payments on its intercompany payables are expected to be funded by returns on intercompany receivables and reserves earned from the sale of previous investments. Further discussion of financial risk management is included in the consolidated Annual Report and Accounts of Serco Group plc.

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus the going concern basis of accounting continues to be adopted in preparing the financial statements

Approved by the Board on 15 August 2014 and signed on its behalf by:


.....
G Leach
Director

Serco International Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Serco International Limited

Independent Auditor's Report

We have audited the financial statements of Serco International Limited for the year ended 31 December 2013, which comprise the profit and loss account, the statement of changes in equity, the balance sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Director's Responsibilities (set out on page 4), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

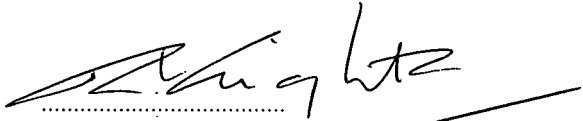
Serco International Limited

Independent Auditor's Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Richard Knights (Senior Statutory Auditor)
For and on behalf of ~~Deloitte~~ LLP, Statutory Auditor

London
United Kingdom

15 August 2014

Serco International Limited

Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Management charges received		119	98
Administrative expenses		<u>-</u>	<u>(210)</u>
Operating profit/(loss)		119	(112)
Interest receivable and similar income	5	271	380
Interest payable and similar charges	6	<u>(691)</u>	<u>(757)</u>
Loss before tax		(301)	(489)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(301)</u>	<u>(489)</u>

The above results were derived from continuing operations.

There were no items of other comprehensive income and therefore no statement of other comprehensive income has been shown.

Serco International Limited

Statement of Changes in Equity for the Year Ended 31 December 2013


	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2012	-	62,330	3,853	66,183
Loss for the financial year	-	-	(489)	(489)
Equity dividends paid	-	-	-	-
At 1 January 2013	-	62,330	3,364	65,694
Loss for the financial year	-	-	(301)	(301)
Equity dividends paid	-	-	-	-
At 31 December 2013	-	62,330	3,063	65,393

Serco International Limited

Balance Sheet as at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Current assets			
Debtors: amounts due within one year	9	301	222
Debtors: amounts falling due after more than one year	9	<u>65,154</u>	<u>65,684</u>
		65,455	65,906
Creditors: amounts falling due within one year	10	<u>(62)</u>	<u>(212)</u>
Net assets		<u>65,393</u>	<u>65,694</u>
Capital and reserves			
Called up share capital	11	-	-
Share premium		62,330	62,330
Profit and loss account		<u>3,063</u>	<u>3,364</u>
Shareholder's funds		<u>65,393</u>	<u>65,694</u>

The financial statements (registered number: 02324094) were approved by the director on 15 August 2014



 G Leach
 Director

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 General information

Serco International Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report set out on page 3.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions. This is because the Company is included within the consolidated financial statements of Serco Group plc which are available from the address provided in note 12.

The financial statements have been prepared on the historical cost basis and on the going concern basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Adoption of new and revised Standards

In the current year, the following revised standard has been adopted but has not affected the amounts reported in these financial statements:

- IAS 1 (amended) Presentation of Financial Statements increases the required level of disclosure within the statement of comprehensive income. This amendment requires items within the statement of comprehensive income to be analysed between items that will not be reclassified subsequently to profit or loss and items that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The adoption of this standard has no impact on these financial statements.

Going concern

The director acknowledges the latest guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009 and the consultation on draft guidance issued in November 2013. The Company's principal financial instruments are its intercompany receivables and payables and is funded by its returns on intercompany receivables and reserves from the profit on sale of investments in prior years.

Given the secure balance sheet position, these accounts have been drawn up on the going concern basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

Tax

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

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

Investments in Joint Ventures

The Company holds investments in a joint venture which was put into liquidation in 2011 along with its related group of companies. The carrying value of this investment was written down to nil on entering liquidation and therefore have not been shown in the balance sheet or as a separate disclosure.

3 Staff costs

The Company had no employees during the current or preceding financial year.

4 Directors' remuneration

No director received remuneration for their services to the Company in either the current or preceding year.

5 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Interest receivable from group companies	<u>271</u>	<u>380</u>

6 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest payable to group companies	<u>691</u>	<u>757</u>

7 Auditors' remuneration

Auditor's remuneration of £5,000 (2012: £5,000) for the audit of the Company's annual accounts was borne by another group company in both the current and preceding financial year.

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

8 Taxation

The tax charge on loss on ordinary activities is £nil (2012: £nil).

Factors affecting current tax charge for the year

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2012: lower than the standard rate of corporation tax in the UK) of 23.3% (2012: 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Loss before tax	(301)	(489)
Corporation tax at 23.3% (2012: 24.5%):	(70)	(120)
Expenses not deductible for tax purposes	-	15
Group relief with no consideration	70	105
Total tax charge	-	-

9 Debtors

a) Amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade debtors	-	7
Amounts owed by group companies	67	215
Interest receivable	15	-
Other debtors	219	-
	301	222

Amounts owed by group companies are due within 30 days of the balance sheet date and do not bear interest.

b) Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Amounts owed by group companies	65,154	65,684

Amounts owed by group companies have no fixed repayment date and bear interest based on LIBOR minus 0.2%.

Following the year end the intercompany loans owed to group companies and intercompany loans owed by group companies were consolidated resulting in an intercompany loan receivable.

Serco International Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

10 Creditors: amounts falling due within one year

	2013	2012
	£ 000	£ 000
Amounts owed to group companies	<u>62</u>	<u>212</u>

Amounts owed to group companies are due within 30 days of the balance sheet date and do not bear interest.

Following the year end the intercompany loans owed to group companies and intercompany loans owed by group companies were consolidated resulting in an intercompany loan receivable.

11 Called up share capital

Allotted, called up and fully paid shares

	No.	2013 £	No.	2012 £
Ordinary share capital of £1 each	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

12 Control

The Company's immediate parent is Serco Holdings Limited.

The ultimate parent and controlling party is Serco Group plc, a company incorporated in the United Kingdom and registered in England and Wales. Serco Group plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. These financial statements are available upon request from the Company Secretary, Serco Group plc, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire RG27 9UY.