

Wackenhut Corrections (UK) Limited

Accounts for the year ended 31 December 1996
together with directors' and auditors' reports

Registered number: 2878845



Directors' report

For the year ended 31 December 1996

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1996.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Principal activities

The company provides custodial facility design, financing and construction services through a 50% interest in an unincorporated joint venture called Premier Custodial Developments.

Business review

The company continues to search for tenders for custodial facility construction projects. During the period, no costs were incurred by the company in connection with preparing tenders for custodial facility construction projects. The directors expect the general level of activity to increase with several tender submissions being considered in 1997.

Results and dividends

The trading result for the period, after taxation, amounted to £127,300 (1995 - £nil). The directors do not recommend the payment of a dividend (1995 - £nil).

Directors' report (continued)

Directors and their interests

The directors who served during the year were as follows:

W.H. Calabrese (appointed 29 October 1996)

T.P. Cole (resigned 10 July 1996)

G.C. Zoley

None of the directors have any beneficial interest (including options) in the shares of the company.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

100 New Bridge Street
London
EC4V 6JA

By order of the Board,


G.C. Zoley

Director

23 January 1998

Auditors' report

Reading

To the Shareholders of Wackenhut Corrections (UK) Limited:

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1996 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

23 January 1998

Profit and loss account

For the year ended 31 December 1996

	Notes	1996 £	1995 £
Revenue	2	190,000	-
Profit on ordinary activities before taxation	3,4	190,000	-
Tax on profit on ordinary activities	5	(62,700)	-
Profit for the financial period		127,300	-
Accumulated deficit, brought forward		(82,047)	(82,047)
Accumulated funds (deficit), carried forward		45,253	(82,047)


There are no recognised gains or losses other than the result attributable to the stockholders of the company of £127,300 in the year ended 31 December 1996 (1995 - £nil).

The accompanying notes are an integral part of this profit and loss account and this statement of total recognised gains and losses.

Balance sheet

31 December 1996

	Notes	1996 £	1995 £
Current assets			
Debtors	7	190,002	2
		<u>190,002</u>	<u>2</u>
Creditors: Amounts falling due within one year	8	(144,747)	(82,047)
Net current assets (liabilities)		<u>45,255</u>	<u>(82,045)</u>
Total assets less current liabilities		<u>45,255</u>	<u>(82,045)</u>
Net assets (liabilities)		<u>45,255</u>	<u>(82,045)</u>
Capital and reserves			
Called-up share capital	9	2	2
Profit and loss reserves		<u>45,253</u>	<u>(82,047)</u>
		<u>45,255</u>	<u>(82,045)</u>


Signed on behalf of the Board
G.C. Zoley

Director

23 January 1998

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the company has rights or other access to future economic benefits controlled by the company, or obligations to transfer economic benefits. The accounts have been prepared in accordance with applicable accounting standards.

b) Investments

Investments are held at cost less amounts written off.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

2 Revenue

All revenue arose from activity in the United Kingdom and represents the company's profit from a successful tender made by Premier Custodial Developments, an unincorporated joint venture in which the company has a 50% interest. All costs incurred by Premier Custodial Developments have been met by the other party to the joint venture.

3 Administrative costs

All audit and administrative costs are borne by the parent company.

4 Staff costs

The average weekly number of employees (excluding executive directors) was nil (1995 - nil).

The directors received no remuneration during the year ended 31 December 1996.

5 Tax on profit on ordinary activities

	1996	1995
	£	£
Corporation tax at 33%	62,700	-

6 Fixed asset investments

Joint venture

The company has a 50% holding in an unincorporated joint venture called Premier Custodial Development. The other 50% holding is owned by Trafalgar House Construction (Major Projects) Limited.

The management of the joint venture is based on a 50% interest in all operating and financial policies.

Notes to accounts (continued)

7 Debtors: Amounts falling due within one year

	1996 £	1995 £
Amounts owed by joint venture partner	190,000	-
Amounts owed by parent company	2	2
	<u>190,002</u>	<u>2</u>

8 Creditors: Amounts falling due within one year

	1996 £	1995 £
Amounts owed to parent company	82,047	82,047
Corporation tax payable	62,700	-
	<u>144,747</u>	<u>82,047</u>

9 Called-up share capital

	1996 £	1995 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted and called-up</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Ultimate parent company

The company is a subsidiary undertaking of Wackenhut Corrections Corporation, incorporated in the USA. The smallest and largest company in which the accounts of the company are consolidated is Wackenhut Corrections Corporation, whose accounts are available to the public at 4200 Wackenhut Drive, Palm Beach Gardens, Florida 33410-4243, USA.