Financial Statements
The Geo Group UK Limited

For the year ended 31 December 2013

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Registered number: 02878845

Company Information

Directors	G C Zoley B R Evans J M Hurley
Registered number	02878845
Registered office	100 New Bridge Street London EC4V 6JA
Independent auditor	Grant Thornton UK LLP Charted Accountants & Statutory Auditors 1020 Eskdale Road Winnersh Wokingham RG41 5TS
Bankers	Barclays Bank PLC PO Box 544 54 Lombard Street London EC3V 9EX
Solicitors	Baker & McKenzie 100 New Bridge Street London EC4V 6JA
Company secretaries	Abogado Nominees Limited J J Bulfin P D Watkins

Contents

Directors' Report
For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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). 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 of the company and of the 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 judgments and accounting 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;
- 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.

Results and dividends

The loss for the year, after taxation, amounted to £611,773 (2012 - loss £2,730,344).

No dividend is payable for 2013 (2012: £nil).

Directors

The directors who served during the year were:

G C Zoley
B R Evans
J M Hurley

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through group newsletter.

Directors' Report

For the year ended 31 December 2013

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

This report was approved by the board on 13 August 2014 and signed on its behalf.

B R Evans
Director

Strategic Report

For the year ended 31 December 2013

Principal activities

The GEO Group UK Limited (hereafter "GEO") 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.

Objectives and strategies

The principal business activity of GEO during this year was the operational management of its contracts with the Home Office Immigration Enforcement, whilst continuing to invest significantly in new business opportunities. Particular emphasis has been placed on qualifying to bid and bidding for major public private partnership contracts in the criminal justice sector. The UK Government is continuing with a number of procurement programmes including Transforming Rehabilitation which is a reform programme that is changing the way offenders are managed in the community to bring down reoffending rates while continuing to protect the public. GEO is actively participating in these programmes working with a number of public, private and voluntary sector organisations.

GEO has formed the following partnerships in relation to this competition:

- GEO Delta: Delta Rehabilitation Limited is the staff mutual from the former Probation Trusts of North Yorkshire, Humberside and Lincolnshire;

- GEO Mercia Willowdene: Mercia Community Action Limited is the staff mutual from the former Probation Trust of West Mercia and Warwickshire and Willowdene Rehabilitation Limited is a social enterprise specialising in the delivery of offender rehabilitation services.

- GEO Innovo: Innovo (CLM) Community Investment Company is the staff mutual from the Former Probation Trusts of Cumbria, Lancashire and Merseyside.

The contract to operate Harmondsworth IRC ends on 31 August 2014. GEO was unsuccessful in its rebid tender for this contract. Geo continues to operate Dungavel.

Principal risks and uncertainties

The company uses various financial instruments including cash and items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk
The company can be exposed to translation and foreign exchange risk on its treasury function. This is however managed through the operation of foreign currency bank accounts.

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Strategic Report (continued)
For the year ended 31 December 2013

Financial key performance indicators

The directors use the following key performance indicators to assess the performance of the company:

	2013	2012	Definition	Analysis
Return on Equity (%)	-29%	-101%	Retained earnings expressed as a % of closing equity	Negative return on equity has decreased due to reduction in the business cost base.
Change in Turnover (%)	-1%	10%	Year on year change in turnover expressed as a %	Decreased turnover principally driven by the reduction in the construction project revenue and partly offset by the indexation increase in fixed fee per detainee.
Margin%	-13%	-70%	Profit expressed as a % of gross profit	The negative margin decreased due to the reduced business cost base, partly offset by reduced revenue.

Going concern

The company meets its day to day working capital requirements through its existing funds. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves.

If required the company would be able to access additional funding from its parent, The GEO Group, Inc, as the company participates in the group's centralised treasury arrangements. The directors, having assessed the responses of the directors of the company's parent, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of The GEO Group, Inc to continue as a going concern or its willingness to fund the company if required.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of The GEO Group, Inc, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 13 August 2014 and signed on its behalf.

B R Evans
Director

Grant Thornton

Independent Auditor's Report to the Members of The Geo Group UK Limited

We have audited the financial statements of The Geo Group UK Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on 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 United Kingdom Generally Accepted Accounting Practice; 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Independent Auditor's Report to the Members of The Geo Group UK Limited

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.

Grant Thornton UK LLP

Perry Burton (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Charted Accountants
Statutory Auditors
Reading
Date: 8 September 2014

Profit and Loss Account

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 £	Period ended 31 December 2012 £
Turnover	1	**20,212,173**	20,346,732
Cost of sales		**(15,320,779)**	(16,440,899)
Gross profit		**4,891,394**	3,905,833
Administrative expenses		**(4,517,609)**	(6,895,787)
Operating profit/(loss)	2	**373,785**	(2,989,954)
Interest receivable and similar income		**180,838**	705,002
Interest payable and similar charges		**(572,786)**	(458,224)
Interest receivable reversal		**(593,610)**	-
Loss on ordinary activities before taxation		**(611,773)**	(2,743,176)
Tax on loss on ordinary activities	6	-	12,832
Loss for the financial year	15	**(611,773)**	(2,730,344)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 9 to 16 form part of these financial statements.

Balance Sheet
As at 31 December 2013

	Note		2013		2012
		£	£	£	£
Fixed assets					
Tangible assets	8		**637,567**		774,952
Investments	7		**1**		1
			637,568		774,953
Current assets					
Stocks	9	**154,911**		158,224	
Debtors: amounts falling due after more than one year	10	**13,110,750**		13,164,555	
Debtors: amounts falling due within one year	10	**2,724,412**		3,317,559	
Cash at bank and in hand		**1,306,148**		869,717	
		17,296,221		17,510,055	
Creditors: amounts falling due within one year	11	**(3,112,854)**		(3,037,252)	
Net current assets			**14,183,367**		14,472,803
Total assets less current liabilities			**14,820,935**		15,247,756
Creditors: amounts falling due after more than one year	12		**(12,725,213)**		(12,540,261)
Net assets			**2,095,722**		2,707,495
Capital and reserves					
Called up share capital	14		**125,003**		125,003
Share premium account	15		**2,225,058**		2,225,058
Capital redemption reserve	15		**2,919,580**		2,919,580
Profit and loss account	15		**(3,173,919)**		(2,562,146)
Shareholders' funds	16		**2,095,722**		2,707,495

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 August 2014.

B R Evans
Director

The notes on pages 9 to 16 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

As discussed in the strategic report these financial statements have been prepared on the going concern basis as a result of the continued support from the company's US parent.

The principal accounting policies of the company, which have remained unchanged from the previous year, are set out below.

The directors have reviewed the principal accounting policies and consider they are appropriate.

Under the provisions of Section 400 of the Companies Act 2006 the company is exempt from preparing consolidated financial statements and has not done so, therefore these financial statements show information about the company as an individual entity.

1.2 Cash flow

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated statement of cash flows.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from services provided by the company represents fee income receivable in respect of services provided during the year. Estimates are included in respect of amounts not invoiced at the balance sheet date.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.5 Lease agreements

Leases where substantially all of the risks and rewards of ownership are not transferred to the company are treated as operating leases. Rentals under operating leases are charged against profits on a straight-line basis over the period of the lease.

Operating lease incentives are recognised, on a straight-line basis, as a reduction of the rental expense over the shorter of the lease term and the period to the first rent review where market rentals will be payable.

Notes to the Financial Statements
For the year ended 31 December 2013

1. Accounting Policies (continued)

1.6 Stock

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

1.7 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.8 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 31 December 2013

2. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	Year ended 31 December 2013	Period ended 31 December 2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	**223,387**	219,448
Operating lease rentals:		
- plant and machinery	**138,658**	238,423
- other operating leases	**101,237**	100,199
Difference on foreign exchange	**(388,321)**	(304,014)
Gain on disposal of fixed assets	**-**	515

During the year, no director received any emoluments (2012 - £NIL).

3. Auditors' remuneration

	Year ended 31 December 2013	Period ended 31 December 2012
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**23,000**	23,000
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	**6,600**	6,600

Notes to the Financial Statements
For the year ended 31 December 2013

4. Particulars of employees

Staff costs were as follows:

	Year ended 31 December 2013 £	Period ended 31 December 2012 £
Wages and salaries	**10,500,044**	11,188,293
Social security costs	**999,196**	1,080,634
Other pension costs	**174,932**	159,960
	11,674,172	12,428,887

The average monthly number of employees, including the directors, during the year/period was as follows:

	Year ended 31 December 2013 No.	Period ended 31 December 2012 No.
Number of administrative staff	**122**	120
Number of operational staff	**266**	280
	388	400

5. Net Interest

	Year ended 31 December 2013 £	Period ended 31 December 2012 £
Interest payable to group undertakings	**(572,786)**	(458,224)
Bank interest receivable	**1,855**	-
Interest receivable from associated undertakings	**-**	495,531
Interest receivable from associated undertakings - reversal on amendment to loan agreement	**(593,610)**	-
Interest receivable on loans to third parties	**178,983**	208,596
Other interest receivable	**-**	875
	(985,558)	246,778

6. Taxation

	Year ended 31 December 2013 £	Period ended 31 December 2012 £
Corporation Tax	**-**	(12,832)

Notes to the Financial Statements

For the year ended 31 December 2013

6. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	Year ended 31 December 2013	Period ended 31 December 2012
	£	£
Loss on ordinary activities before tax	**(611,773)**	(2,743,176)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	**(142,216)**	(672,003)
Effects of:		
Expenses not deductible for tax purposes	**5,030**	7,526
Depreciation in excess of capital allowances	**46,961**	52,273
Tax losses carried forward	**87,213**	616,577
Adjustments to tax charge in respect of prior periods	**-**	(12,832)
Other short term timing differences	**(1,956)**	(5,986)
Permanent differences	**4,968**	1,613
Current tax charge/(credit) for the year/period (see note above)	**-**	(12,832)

Factors that may affect future tax charges

The total losses carried forward of £10,619,525 (2012: £10,244,362) give rise to a potential deferred tax asset which is not being recognised as it does not satisfy the recognition criteria of Financial Reporting Standard 19 'Deferred tax'.

7. Fixed asset investments

	Shares in group undertaking
	£
Cost or valuation	
At 1 January 2013 and 31 December 2013	**1**
Net book value	
At 31 December 2013	**1**
At 31 December 2012	1

At 31 December 2013 the Company owned 100% of share capital of The Geo Group Limited, a company incorporated in England and Wales. This entity was used as a vehicle to invest in a joint venture arrangement with Amey plc. The entity did not trade in the year.

Notes to the Financial Statements
For the year ended 31 December 2013

8. Tangible fixed assets

	Plant & machinery £	Computer equipment £	Totals £
Cost			
At 1 January 2013	**1,002,939**	**540,973**	**1,543,912**
Additions	**63,273**	**22,729**	**86,002**
At 31 December 2013	**1,066,212**	**563,702**	**1,629,914**
Depreciation			
At 1 January 2013	**462,521**	**306,439**	**768,960**
Charge for the year	**157,215**	**66,172**	**223,387**
At 31 December 2013	**619,736**	**372,611**	**992,347**
Net book value			
At 31 December 2013	**446,476**	**191,091**	**637,567**
At 31 December 2012	540,418	234,534	774,952

9. Stocks

	2013 £	2012 £
Raw materials and consumables	**154,911**	158,224

10. Debtors

	2013 £	2012 £
Due after more than one year		
Amounts owed by undertakings in which the company has a participating interest	**12,000,000**	12,000,000
Other debtors	**1,110,750**	1,164,555
	13,110,750	13,164,555

	2013 £	2012 £
Due within one year		
Trade debtors	**77,054**	73,019
Amounts due from related parties	**-**	610,656
Other debtors	**321,572**	606,799
Prepayments and accrued income	**2,325,786**	2,027,085
	2,724,412	3,317,559

Notes to the Financial Statements
For the year ended 31 December 2013

11. Creditors: Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	**445,964**	288,075
Amounts owed to group undertakings	**666,837**	649,110
Accrued pension contributions	**18,775**	24,379
Amounts owed to undertakings in which the company has a participating interest	**144,314**	-
Other taxation and social security	**1,019,078**	857,101
Other creditors	**119,928**	161,064
Accruals and deferred income	**697,958**	1,057,523
	3,112,854	3,037,252

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

	2013	2012
	£	£
Amounts owed to group undertakings	**12,725,213**	12,540,261

13. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancelable operating leases as follows:

	Land and buildings			Other
	2013	2012	**2013**	2012
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	**31,809**	5,924
Between 2 and 5 years	-	-	**39,863**	63,756
After more than 5 years	**278,357**	332,425	-	-
Total	**278,357**	332,425	**71,672**	69,680

Notes to the Financial Statements

For the year ended 31 December 2013

14. Share capital

	2013 £	2012 £
Authorised		
1,000,000 Ordinary shares of £1 each	**1,000,000**	1,000,000
Allotted, called up and fully paid		
125,003 Ordinary shares of £1 each	**125,003**	125,003

15. Other Reserves

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 1 January 2013	**2,225,058**	**2,919,580**	**(2,562,146)**
Loss for the financial year	**-**	**-**	**(611,773)**
At 31 December 2013	**2,225,058**	**2,919,580**	**(3,173,919)**

16. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	**2,707,495**	5,437,839
Loss for the financial year/period	**(611,773)**	(2,730,344)
Closing shareholders' funds	**2,095,722**	2,707,495

17. Related party transactions

Being a 100% owned subsidiary, the company has taken advantage of the exemption, as conferred by Financial Reporting Standard 8 'Related Party Disclosures', not to disclose transactions with other members of the group headed by The GEO Group Inc.

18. Ultimate parent undertaking and controlling party

The Immediate Parent undertaking is GEO International Holdings, Inc.

The ultimate parent undertaking and largest group for which consolidated accounts are available in The GEO Group, Inc. This company is incorporated in the United States of America and is organised under the laws of the state of Florida. Group accounts are available from One Park Place, Suite 700, 621 NW 53rd Street, Boca Raton, Florida 33487, United States of America.