

ECD (Cookham Wood) Limited

Annual report and financial statements

for the 15 month period ended 31 March 2009

Registered number: 3241233

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ECD (Cookham Wood) Limited

Annual report and financial statements for the 15 month period ended 31 March 2009

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ECD (Cookham Wood) Limited

Directors' report for the 15 month period ended 31 March 2009

The directors submit their annual report and the audited financial statements of the company for the 15 month period ended 31 March 2009.

Principal activities and business review

The company is engaged under a 16 year contract, signed on 3 March 1997, for the provision of design, construction and management services, including related financing arrangements, for a secure training centre for juveniles, STC Medway, near Rochester, Kent.

The profit for the period under review as set out in the profit and loss account on page 5 relates to activities undertaken in respect of the project.

The directors consider the performance of the company during the period, the financial position at the end of the period and its prospects for the future to be satisfactory.

Principal risks and uncertainties

The company's principal activity as detailed above is risk averse as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts. In extreme circumstances, the company could be exposed to subcontractor failure to perform their obligations. The financial risks and the measures taken to mitigate them are as detailed in the following section.

Financial risk management

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The company has hedged its interest rate risk by using derivative financial instruments as described in note 6.

Inflation risk

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

Liquidity risk

The company adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due.

Credit risk

The company receives the bulk of its revenue from the Youth Justice Board and therefore is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

ECD (Cookham Wood) Limited

Directors' report for the 15 month period ended 31 March 2009 (continued)

Key performance indicators ('KPIs')

The company's operations are managed under the supervision of its shareholders and funders and are largely determined by the detailed terms of the PFI contract. For this reason, the company's Directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the performance or position of the business.

Dividends and transfers to reserves

Dividends of £527,000, £5,270 per share (year ended 31 December 2007: £553,000, £5,530 per share) have been paid during the period. No final dividend is proposed (year ended 31 December 2007: £nil).

Directors

The directors of the company during the period ended 31 March 2009, and subsequently, were:

A D Banks	
A E Birch	(appointed 13 May 2008)
P R Cook	
B W Dalglish	(resigned 13 May 2008)
C Elliott	
B Ravi Kumar (as alternate)	(appointed 27 May 2008, resigned 1 July 2009)
B Ravi Kumar	(appointed 1 July 2009)
B Semple	(appointed 27 May 2008, resigned 1 July 2009)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 United Kingdom 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.

ECD (Cookham Wood) Limited

Directors' report for the 15 month period ended 31 March 2009 (continued)

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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and they 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 auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, have signified their willingness to continue in office.

This report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to medium sized companies.

By Order of the Board


K. CLEAR
Semperian Secretariat Services Limited
Secretary

31 JULY 2009

Independent auditors' report to the members of ECD (Cookham Wood) Limited

We have audited the financial statements of ECD (Cookham Wood) Limited for the 15 month period ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movement in Total Shareholder's Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 judgments 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the period 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
5 August 2009

ECD (Cookham Wood) Limited

Profit and loss account for the 15 month period ended 31 March 2009

	Notes	15 month period ended 31 March 2009	Year ended 31 December 2007
		£'000	£'000
Turnover	1	14,815	11,209
Operating costs		(13,395)	(10,092)
Gross profit		1,420	1,117
Administrative expenses		(583)	(463)
Operating profit	2	837	654
Interest receivable and similar income	3	917	814
Interest payable and similar charges	3	(394)	(422)
Profit on ordinary activities before tax		1,360	1,046
Tax on profit on ordinary activities	4	(469)	(3)
Profit for the financial period/year	10	891	1,043

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom.

There is no difference between the profit for the period/year as shown in the profit and loss account above and its historical cost equivalent.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

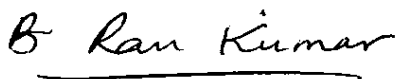
The movement on reserves is shown in note 10 to the financial statements.

ECD (Cookham Wood) Limited

Balance sheet as at 31 March 2009

	Notes	31 March 2009 £'000	31 December 2007 £'000
Current assets			
Debtors: amounts falling due within one year	5	1,722	2,126
Debtors: amounts falling due after more than one year	5	4,072	5,427
Cash and bank deposits		4,178	3,105
		9,972	10,658
Creditors: amounts falling due within one year	6	(3,008)	(2,809)
Net current assets		6,964	7,849
Creditors: amounts falling due after more than one year	6	(1,552)	(2,679)
Provisions for liabilities and charges	7	(516)	(638)
Net assets		4,896	4,532
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	10	4,896	4,532
Total shareholder's funds		4,896	4,532

The financial statements on pages 5 to 17 were approved by the Board on 31 July '09 and were signed on its behalf by:


 Director,
 B. Ravi Kumar
 31 July 2009

ECD (Cookham Wood) Limited

Reconciliation of movement in total shareholder's funds for the 15 month period ended 31 March 2009

	15 month period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Profit for the financial period/year	891	1,043
Dividends (note 9)	(527)	(553)
Net addition to total shareholder's funds	364	490
Total shareholder's funds as at 1 January	4,532	4,042
Total shareholder's funds as at 31 March 2009/31 December 2007	4,896	4,532

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009

1 Accounting policies

A summary of the company's principal accounting policies, which have been consistently applied, is set out below.

Basis of preparation of accounts

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards and financial reporting standards in the United Kingdom. Narrative disclosures of values in the notes to the accounts are shown as round £'000. The results relating to the current period reflect the 15 month period to 31 March 2009. The prior year comparative results relate to the year to 31 December 2007.

Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes. All turnover originates in the United Kingdom.

The company recognises income when it has fully fulfilled its contractual obligations. In accordance with Financial Reporting Standard 5 - Reporting the substance of transactions, Application Note G, the company includes sales and purchase transactions related to variations under the original contract where the benefits and risks are retained by the company, within the financial statements as turnover and operating costs.

Transactions to which the company does not have access to all the significant benefits and risks are excluded from the financial statements.

Dividend policy

Dividend recognition is in line with Financial Reporting Standard 21 – Events after the Balance Sheet date, such that dividends are recognised when paid.

Deferred tax

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.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

Leased assets

Payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

1 Accounting policies (continued)

Financial asset – contract debtor

In accordance with Financial Reporting Standard 5 - Application Note F, the costs incurred in building the asset have been treated as a contract debtor. This treatment arose from applying the guidance within the Application Note which indicated that the project's principal agreements transfer substantially all the risks and rewards relating to the property to the customer.

The amounts receivable (which represents the cost of construction of related assets) are treated as a long-term contract debtor from the commencement of the operating contract, with a constant proportion of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the contract debtor is expected to be fully repaid.

Debt issue costs

Debt issue costs incurred have been offset against the related debt and will be charged to the profit and loss account at a constant rate on the carrying value of the debt.

Financial instruments

The company uses derivative financial instruments to hedge its exposure to fluctuations in interest rates. Financial instruments used to hedge interest rates are valued at cost. Receipts and payments on interest rate instruments are recognised in the profit and loss account on an accruals basis over the economic life of the instrument or underlying position being hedged, within net interest. Gains or losses arising on hedging instruments, which do not qualify as hedges for accounting purposes, are taken to the profit and loss account as they arise.

Cash flow statement

As at 31 March 2009 100% of the voting rights of the company were controlled by Semperian PPP Investment Partners Limited. In accordance with Financial Reporting Standard 1 (Revised 1996) Cash flow statements, no cash flow statement is included in these financial statements.

2 Operating profit

The company had no employees during the period (year ended 31 December 2007: none). The remuneration of the directors is paid by the controlling parties and their services to the company are of a non-executive nature. The controlling parties charged £nil (year ended 31 December 2007: £nil) to the company in respect of these services.

The audit fee in respect of the company was £6,000 (year ended 31 December 2007: £6,000) for the period. In addition the company bore the audit fee of £2,000 (year ended 31 December 2007: £3,000) on behalf of its immediate parent company during the period which was not recharged. The auditors also received remuneration for tax services totalling £2,000 (year ended 31 December 2007: £2,000).

Operating lease expenditure incurred in respect of other leases during the period was £1 (year ended 31 December 2007: £1).

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Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

3 Net interest

	15 month period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Bank interest receivable	257	190
Imputed interest on contract debtor	660	624
Interest receivable and similar income	917	814
Interest payable on long term loans including swap fees and commitment fees	(376)	(408)
Amortisation of debt issue costs	(18)	(14)
Interest payable and similar charges	(394)	(422)
Net interest receivable	526	392

Interest is imputed on the contract debtor using a property specific rate of 9.04% (year ended 31 December 2007: 9.04%).

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Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

4 Tax on profit on ordinary activities

(a) Analysis of tax charge for the period/year

	15 month period ended 31 March 2009 £'000	Year ended 31 December 2007 £'000
Analysis of charge in period/year		
Current tax		
UK corporation tax on profits of the period /year	598	455
Prior year adjustment in respect of eligibility of costs to tax relief and consequential reduction of tax liability	(7)	(315)
Total current tax	591	140
Deferred tax		
Origination and reversal of timing differences	(122)	(93)
Impact of rate change	-	(44)
Total deferred tax (note 7)	(122)	(137)
Tax on profit on ordinary activities	469	3

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Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

4 Tax on profit on ordinary activities (continued)

(b) Factors affecting current tax

The tax assessed for the period is higher (year ended 31 December 2007: lower) than the standard rate of corporation tax in the UK of 28.4% in the period (year ended 31 December 2007: 30%). The differences are explained below:

	15 month period ended 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Factors affecting tax charge for the period		
Profit on ordinary activities before tax	1,360	1,047
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.4% (year ended 31 December 2007: 30%)	386	314
Effects of remuneration of contract debtor less capital allowances and imputed interest for the period	212	141
Adjustments in respect of previous years	(7)	(315)
Current tax charge for the period	591	140

(c) Factors that may affect future tax charges

The company has incurred significant expenditure in the construction of the secure training centre on which it has claimed tax relief through capital allowances and claims for interest and loan related expenditure during the construction period. It has used these claims to offset its current liabilities and retains tax losses to offset liabilities in future years. As amounts are recovered to remunerate these costs they will be brought into current taxation in the period in which they are received. As a result of these claims there exist significant timing differences, which are expected to reverse over the period of the contract term.

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Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

5 Debtors

	31 March 2009 £'000	31 December 2007 £'000
Amounts falling due within one year		
Trade debtors	27	-
Prepayments and accrued income	599	1,147
Contract debtor	1,096	979
	1,722	2,126
Amounts falling due after more than one year		
Contract debtor	4,072	5,427

6 Creditors

	31 March 2009 £'000	31 December 2007 £'000
Amounts falling due within one year		
Bank borrowings	1,145	1,065
Less: unamortised issue costs	(14)	(14)
Trade creditors	1,102	1,069
Corporation tax	469	329
Amounts owed to group undertakings – group relief	57	57
Other tax	144	103
Accruals and deferred income	105	200
	3,008	2,809

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

6 Creditors (continued)

	31 March 2009 £'000	31 December 2007 £'000
Amounts falling due after more than one year		
Bank borrowings	1,566	2,711
Less: unamortised issue costs	(14)	(32)
	1,552	2,679

Bank borrowings relate to a term loan facility of £12,550,000 granted by ABN Amro Bank NV to the company. The term loan facility was fully drawn down in 1998. As at 31 March 2009, £2,711,000 (2007: £3,776,000) remains outstanding. The company has an additional undrawn working capital facility of £300,000 (2007: £300,000) at 31 March 2009.

Loan issue costs have been offset against bank borrowings and are amortised over the term of the loan in accordance with the provisions of Financial Reporting Standard 4 – Capital Instruments.

The loan facility is repayable in twenty-six six monthly instalments, which commenced on 15 December 1998. Interest is charged on amounts drawn under the facilities based on the floating LIBOR rate. The Company has entered into a swap agreement with ABN Amro Bank NV in order to fix the interest rate at 7.785% applied to projected balances on the facility to 31 March 2011. The fair value of this swap at 31 March 2009 was £208,000 out of the money (31 December 2007: £166,000 out of the money). The term loan and working capital facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the Company and by a floating charge over the Company's undertakings and assets.

	31 March 2009 £'000	31 December 2007 £'000
Maturity of debt		
In one year or less	1,145	1,065
In more than one year, but not more than two years	1,566	1,144
In more than two years, but not more than five years	-	1,567
	2,711	3,776
Unamortised debt issue costs	(28)	(46)
	2,683	3,730

On 15 June 2009 the company repaid the term loan facility in full and terminated the interest rate swap. As a result of this repayment the working capital facility was cancelled.

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

7 Provisions for liabilities and charges

	31 March 2009	31 December 2007
	£'000	£'000
Provision for deferred tax		
Accelerated capital allowances and accelerated finance costs	516	638
Total provision for deferred tax	516	638
Provision at 1 January	638	775
Deferred tax charge in profit and loss account for the period/year (note 4)	(122)	(137)
Provision at 31 March 2009/31 December 2007	516	638

8 Called up share capital

	31 March 2009	31 December 2007
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

9 Dividends

	15 month period 31 March 2009	Year ended 31 December 2007
	£'000	£'000
Dividends paid	527	553

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

10 Profit and loss account

	£'000
At 31 December 2007	4,532
Profit for the financial period	891
Dividends paid	(527)
At 31 March 2009	4,896

11 Obligations under leases

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2007: £1) expiring after five years.

12 Commitments

Under the terms of the original contract dated 3 March 1997, as amended on 11 January 2002, the company is committed to pay fixed and variable fees to G4S Integrated Services (UK) Limited (formerly GSL UK Limited) based on the number of available trainee places at STC Medway. Charges in the period ended 31 March 2009 were £13,248,000 (year ended 31 December 2007: £10,091,000).

13 Related party disclosures

As a wholly owned subsidiary of Semperian PPP Investment Partners Limited (formerly Trillium PPP Investment Partners Limited), the company has taken advantage of the exemption under FRS 8 – Related party disclosures of the requirement to disclose transactions between it and other group companies.

ECD (Cookham Wood) Limited

Notes to the financial statements for the 15 month period ended 31 March 2009 (continued)

14 Ultimate parent undertaking and controlling party

At 31 March 2009, the share capital of the company was owned by Education Care and Discipline Limited which is registered in England and Wales.

The ultimate parent undertaking and ultimate controlling party, at the period end, was Semperian PPP Investment Partners Limited Partnership (formerly Trillium PPP Investment Partners Limited Partnership), acting through its general partner Semperian PPP Investment Partners GP Limited (formerly Trillium PPP Investment Partners GP Limited), a company incorporated in England and Wales. The ordinary share capital of G4S Investments Limited (formerly GSL Investments Limited), an intermediate parent undertaking of the company, is owned by G4S Investment Partnership Limited Partnership (formerly GSL Investment Partnership Limited Partnership) (49%) and G4S Regional Management (UK & I) Limited (formerly Global Solutions Limited) (51%) although it is recognised that the beneficial ownership of G4S Investments Limited (formerly GSL Investments Limited) is entirely held by G4S Investment Partnership Limited Partnership (formerly GSL Investment Partnership Limited Partnership).

The smallest group to consolidate these financial statements is Semperian PPP Investment Partners Limited (formerly Trillium PPP Investment Partners Limited). The largest group to consolidate these financial statements is Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited.

Consolidated financial statements for Semperian PPP Investment Partners Limited and Semperian PPP Investment Partners Limited Partnership, acting through its general partner Semperian PPP Investment Partners GP Limited, can be obtained from the Company Secretary at 140 London Wall, London, EC2Y 5DN.