

ECD (Cookham Wood) Limited

Annual report and financial statements

for the year ended 31 March 2014

Registered Number: 03241233

TUESDAY



B3FJJD95

B02

02/09/2014

#260

COMPANIES HOUSE

ECD (Cookham Wood) Limited

Directors and advisers

Directors

P R Cook
J Parker
G Nienaber
A Ritchie

Company Secretary

Semperian Secretariat Services Limited

Registered Office

Third Floor
Broad Quay House
Prince Street
Bristol
United Kingdom
BS1 4DJ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
31 Great George Street
Bristol
United Kingdom
BS1 5QD

ECD (Cookham Wood) Limited

Strategic report for the year ended 31 March 2014

The directors have pleasure in presenting their annual report and the audited financial statements of the company for the year ended 31 March 2014.

Principal activities and business review

The company is engaged under a 16 year contract, signed on 3 March 1997, for the provision of the design, construction and management services, including related financing arrangements, for a secure training centre for juveniles, STC Medway, near Rochester, Kent. Its registered number is 03241233.

The profit for the financial year under review as set out in the profit and loss account on page 8 relates to activities undertaken in respect of the project.

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

The company's contracts for the provision of the service set out above were extended by an agreement signed on 12th February 2013 to extend and amend the original contract from 17th April 2013. The contract term was extended to 31st March 2015 with the Secretary of State for Justice having the option to terminate the contract on 17th April 2014 upon giving not less than 4 months prior written notice to the company. No such notice was received. Preliminary discussions have taken place with the Youth Justice Board regarding the on-going involvement of the company when the current contract ends on 31st March 2015.

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 Directors' report.

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 which stipulates key performance criteria on operational activities including performance and availability. The Board monitor these on a regular basis. 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.



Semperian Secretariat Services Limited
Company secretary

Approved by the directors on **12 AUG 2014**

ECD (Cookham Wood) Limited

Directors' report for the year ended 31 March 2014

The directors have pleasure in presenting their annual report and the audited financial statements of the company for the year ended 31 March 2014.

Future developments

No significant changes are expected to the company's activities in the foreseeable future other than those set out in the Strategic report.

Results and dividends

The profit for the financial year amounted to £5,912 (2013: £664,175).

Dividends and transfers to reserves

Dividends of £517,333, £5,173 per share (2013: £1,303,000, £13,030 per share) have been paid during the year. No final dividends are proposed at the year end (2013: £nil).

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 company also reviews the performance of subcontractors on a monthly basis and takes action if the performance levels fall below the required standards. The board has policies for managing each of these risks and they are summarised below:

Interest rate risk

The company has repaid all senior and subordinated debt and therefore is not exposed to interest rate risk.

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 and are regularly reviewed by the directors.

Major maintenance risk

The company is responsible for managing the ongoing major maintenance and replacement expenditure on the buildings but the risks associated with this activity are largely borne by the subcontractor.

ECD (Cookham Wood) Limited

Directors' report for the year ended 31 March 2014 (*continued*)

Directors

The directors who served the company during the year and up to the date of signing the financial statements are set out below:

P R Cook	
B Ravi Kumar	Resigned 28.07.2014
A E Birch	Resigned 27.05.2014
M Brown	Resigned 13.09.2013
D Morgan	Resigned 6.12.2013
J Parker	Appointed 12.11.2013
G Nienaber	Appointed 1.04.2014
N Richards	Appointed 13.01.2014 Resigned 28.02.2014
A Ritchie	Appointed 27.05.2014

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and 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 prepared 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 judgements 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; and
- 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.

ECD (Cookham Wood) Limited

Directors' report for the year ended 31 March 2014 (*continued*)

Statement of disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

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

By order of the board,



Semperian Secretariat Services Limited
Company secretary

Approved by the directors on

12 AUG 2014

ECD (Cookham Wood) Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by ECD (Cookham Wood) Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report and financial statements (the "Annual 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 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.

ECD (Cookham Wood) Limited

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

Date 19 August 2014

ECD (Cookham Wood) Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover		11,909,829	14,635,549
Cost of sales		<u>(11,841,570)</u>	<u>(13,530,713)</u>
Gross Profit		68,259	1,104,836
Administrative expenses		<u>(43,296)</u>	<u>(149,118)</u>
Operating Profit	2	24,963	955,718
Interest receivable and similar income	3	7,953	89,250
Interest payable and similar charges		<u>-</u>	<u>(53,461)</u>
Profit on ordinary activities before taxation		32,916	991,507
Tax on profit on ordinary activities	4	<u>(27,004)</u>	<u>(327,332)</u>
Profit for the financial year	10	<u>5,912</u>	<u>664,175</u>

The company has been engaged solely in continuing activities in a single class of business within the United Kingdom for both the current and the prior year.

There is no difference between the profit for the financial years as shown in the profit and loss account above and their historical cost equivalents.

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

The notes on pages 10 to 16 form part of these financial statements.

ECD (Cookham Wood) Limited

Balance sheet as at 31 March 2014

	Note	2014 £	2013 £
Current assets			
Debtors: amounts falling due within one year	6	10,550	2,666,924
Debtors: amounts falling due after more than one year	6	80,696	87,134
Cash at bank and in hand		1,698,485	368,312
		<u>1,789,731</u>	<u>3,122,370</u>
Creditors: amounts falling due within one year	7	<u>(1,665,873)</u>	<u>(2,487,091)</u>
Net current assets		<u>123,858</u>	<u>635,279</u>
 Net assets		 <u>123,858</u>	 <u>635,279</u>
 Capital and reserves			
Called-up share capital	9	100	100
Profit and loss account	10	123,758	635,179
Total shareholders' funds	12	<u>123,858</u>	<u>635,279</u>

These financial statements on pages 8 to 16 were approved by the Board of directors on 12 AUG 2014 and are signed on their behalf on 12 AUG 2014, by:



A Ritchie
Director

Company Registration Number: 03241233

The notes on pages 10 to 16 form part of these financial statements.

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014

1. Accounting policies

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting and financial reporting standards in the United Kingdom.

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

Cash flow statement

As at 31 March 2014, 100% of the voting rights of the company were controlled by Semperian PPP Investment Partners Holdings Limited. As permitted by Financial Reporting Standard 1 (Revised 1996) 'Cash flow statements', no cash flow statement is included in these financial statements.

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.

Accrued income relates to services in the year for which no sales invoice was raised until after year end.

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 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.

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.

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1. Accounting policies (continued)

Leased assets

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

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 amount 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.

Major maintenance replacement

As noted in the directors' report, the company is ultimately responsible for the on-going major maintenance and replacement expenditure, but the risks associated with this activity are largely passed to the subcontractor. Costs are recorded, in the profit and loss account, in the period in which the costs of major maintenance replacement are incurred.

2. Operating profit

The company had no employees during the year (year ended 31 March 2013: none). The remuneration of the directors is paid by the controlling parties and their services to the company are primarily of a non-executive nature. The controlling parties charged £nil (year ended 31 March 2013: £nil) to the company in respect of these services.

The audit fee in respect of the company was £8,700 (year to 31 March 2013: £8,700) for the year. In addition, the company bore £1,500 (year ended 31 March 2013: £1,500) in respect of the audit fee for its immediate parent company during the year which was not recharged. The auditors also received remuneration for tax services totalling £nil (year ended 31 March 2013: £nil).

Operating lease expenditure incurred in respect of other leases during the year was £1 (year to 31 March 2013: £1).

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

3. Interest receivable and similar income

	2014	2013
	£	£
Bank interest receivable	7,007	6,632
Imputed interest on contract debtor	946	82,618
	<u>7,953</u>	<u>89,250</u>

Interest is imputed on the contract debtor using a property specific rate of 9.04% (year to 31 March 2013: 9.04%).

4. Tax on profit on ordinary activities

(A) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
UK corporation tax based on the results for the year at 23% (2013: 24%)	20,444	492,285
Over provision in prior years	122	(394)
Total current tax	<u>20,566</u>	<u>491,891</u>
Deferred tax:		
Origination and reversal of timing differences	(5,666)	(168,348)
Impact of change in tax rate	12,104	3,789
Total deferred tax (note 8)	<u>6,438</u>	<u>(164,559)</u>
Tax on profit on ordinary activities	<u>27,004</u>	<u>327,332</u>

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

4. Tax on profit on ordinary activities (continued)

(B) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>32,916</u>	<u>991,507</u>
UK corporation tax based on the results for the year at 23% (2013: 24%)	7,571	237,962
Adjustments to tax charge in respect of previous years	122	(394)
Amortisation of non qualifying expenditure	7,207	85,975
Accelerated capital allowances and other timing differences	<u>5,666</u>	<u>168,348</u>
Total current tax (note 5(a))	<u>20,566</u>	<u>491,891</u>

(C) Factors that may affect future tax charges

The current tax charge will continue to be affected by timing differences in respect of the contract debtor, although these timing differences will have an opposite impact on the deferred tax charge so there should be no overall impact on the tax charge.

During the year, as a result of the changes to the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

5. Dividends

	2014 £	2013 £
Paid during the year:		
Dividends paid of £5,173 (2013: £13,030) per ordinary share	<u>517,333</u>	<u>1,303,000</u>

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

6. Debtors

Amounts falling due within one year

	2014	2013
	£	£
Trade debtors	10,535	1,767,584
Amounts owed by group undertakings – group relief	-	739,524
Contract debtor	-	125,576
Corporation tax	-	209
Prepayments and accrued income	15	34,031
	<u>10,550</u>	<u>2,666,924</u>

Amounts falling due after more than one year

	2014	2013
	£	£
Deferred Tax	80,696	87,134
	<u>80,696</u>	<u>87,134</u>

7. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	1,256,970	1,376,440
Amounts owed to group undertakings – group relief	20,356	425,191
VAT payable	202,605	427,213
Accruals and deferred income	185,942	258,247
	<u>1,665,873</u>	<u>2,487,091</u>

8. Deferred tax

The movement in deferred taxation during the year was:

	2014	2013
	£	£
Asset/ (provision) brought forward	87,134	(77,425)
(Charge)/Credit for the year	(6,438)	164,559
Asset carried forward	<u>80,696</u>	<u>87,134</u>

The deferred taxation asset consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Accelerated capital allowances and finance costs	<u>80,696</u>	<u>87,134</u>

ECD (Cookham Wood) Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

9. Called up Share capital

Allotted, called up and fully paid:

	2014	2013
	£	£
100 ordinary shares of £1 each (2013: 100)	<u>100</u>	<u>100</u>

10. Profit and loss account

	2014	2013
	£	£
Balance brought forward	635,179	1,274,004
Profit for the financial year	5,912	664,175
Dividends paid	<u>(517,333)</u>	<u>(1,303,000)</u>
Balance carried forward	<u>123,758</u>	<u>635,179</u>

11. Operating lease commitments

The company has entered into an operating lease and has an annual commitment under leases for land and buildings of £1 (2013: £1) expiring within two to five years.

12. Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the financial year	5,912	664,175
Dividends paid	<u>(517,333)</u>	<u>(1,303,000)</u>
Net reduction in shareholders' funds	<u>(511,421)</u>	<u>(638,825)</u>
Opening shareholders' funds	<u>635,279</u>	<u>1,274,104</u>
Closing shareholders' funds	<u>123,858</u>	<u>635,279</u>

13. 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 year to 31 March 2014 were £11,819,450 (year to 31 March 2013: £13,392,831). This contract expired on April 2013 and an agreement was signed on 12th February 2013 to amend and extend the original contract from 17th April 2013 to 31st March 2015.

14. Related party disclosures

As a fully controlled subsidiary of Semperian PPP Investment Partners Holdings Limited, the company has taken advantage of the exemption under Financial Reporting Standard 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 year ended 31 March 2014 ***(continued)***

15. Immediate and ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Education Care and Discipline Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Semperian PPP Investment Partners Holdings Limited which is registered in Jersey. The smallest group and largest group to consolidate these financial statements is Semperian PPP Investment Partners Holdings Limited.

Consolidated financial statements for Semperian PPP Investment Partners Holdings Limited can be obtained from the Company Secretary at Third Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ.