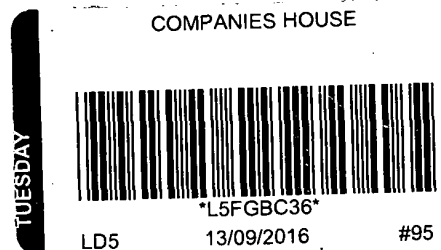


Registration number: 03522659

# Serco Geografix Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2015



## **Serco Geografix Ltd**

### **Contents**

Company Information	1
Strategic Report	2 to 3
Director's Report	4
Statement of Director's Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 20

## **Serco Geografix Ltd**

### **Company Information**

<b>Directors</b>	R Shah
<b>Registered office</b>	Serco House, 16 Bartley Way Business Park Bartley Way Hook, Hampshire, RG27 9UY
<b>Auditor</b>	Deloitte LLP London United Kingdom

## **Serco Geografix Ltd**

### **Strategic Report for the Year Ended 31 December 2015**

The director presents his strategic report for the year ended 31 December 2015.

#### **Principal activity**

The principal activity of the company is the design, manufacture, sale and leasing of electronic tagging equipment.

#### **Business review**

The results of the company are set out on page 8. Turnover has decreased by £1.7m (2014: decrease of £6.1m) to £5.2m. Operating profit has increased by £0.2m (2014: decrease of £1.3m) to £3.9m. Net assets of the company have increased by £3.9m to £16.1m (2014: £12.2m) during 2015. The company did not pay a dividend in the current or preceding year.

Throughout 2015, the company continued to assist the UK Ministry of Justice (MoJ), and its new contractor responsible for Electronic Monitoring (EM) services, with the provision of transitional services for EM hardware and software. Both of these short term arrangements have been in place since the beginning of 2014 to ensure a smooth transition and reduce the risk for the MoJ as EM services were moved to new providers. This support has continued for a much longer period than anticipated, with the agreements now ending on 31 March 2016. Under the transitional services agreement with the MoJ, payments are only made to the company when its hardware is correctly installed and active in the field as determined by the MoJ.

The company's turnover fell in the year as a result of a reduction in volumes related to its transitional services agreement with the MoJ and as a result of the cessation of a number of contracts held with overseas customers.

Operating profit increased in the year as a result of a lower staff and operating costs than 2014, primarily driven by reducing supply volumes. It also increased as a result of reduced depreciation expenses and reduced write-down of inventory costs compared to 2014.

Consistent with prior years, the company has continued to benefit from infrastructure and services provided by Serco Group companies. In addition to the use of Serco Limited's support service infrastructure, which includes functions such as finance, human resources and central information technology, the company has also benefited from legal and account management support during the year in relation to various contractual and customer discussions across its business.

Operating in an environment of uncertainty has presented challenges for the company during the period with significant operating risks, including, staff retention, use of ageing technology and continued supply of parts. The director is pleased with how the company has managed the various operational risks associated with this uncertainty.

Management are currently considering the future of the company, although this will not impact the continued fulfilment of the company's contractual obligations. All of the company's customer contracts reach the end of their terms by the end of June 2017. However, Management are in discussion with customers regarding contract extensions which would result in continued operations for at least 12 months from the signing of these financial statements. Added to this, the Director has received a letter of support from its ultimate parent, Serco PLC, who has assured the company of its continuing support going forward. Therefore on this basis, the director considers the company to remain a going concern

## **Serco Geografix Ltd**

### **Strategic Report for the Year Ended 31 December 2015**

#### **Principal risks and uncertainties**

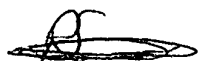
The company's principal financial instruments are amounts payable to other group companies. The director does not consider that the company is exposed to significant interest rate or liquidity risk because the interest payments on its intercompany payables are expected to be funded by returns from investments.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

Financial risk management for all Serco Group entities is undertaken by Serco Group plc. The Group risk register is updated at least quarterly, reviewed six-monthly by the Risk Oversight Group and discussed at quarterly board meetings. Risk management is fundamental to how the business is managed. Risk management policies, systems and processes form part of the Serco Management System (SMS). Certain risks identified at Group level also apply to the company and procedures are put in place within the company to manage these risks with guidance from the Risk Oversight Group.

The company is operating in an environment of uncertainty and this has presented challenges for the company during the period with significant operating risks, including, staff retention, use of ageing technology and continued supply of parts. The director is pleased with how the company has managed the various operational risks associated with this uncertainty.

The director have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, as stated in the Business review on page 2 and therefore the going concern basis of accounting continues to be adopted in preparing the financial statements.

Approved by the Board on 9 September 2016 and signed on its behalf by:



.....  
R Shah  
Director

## **Serco Geografix Ltd**

### **Director's Report for the Year Ended 31 December 2015**

The director presents his report and the financial statements for the year ended 31 December 2015. As set out in note 2 to the financial statements, the director considers it appropriate to prepare the accounts on the going concern basis.

#### **Directors of the company**

The director who held office during the year was as follows:

R Shah

#### **Employment of disabled persons**

Full and fair consideration is given to applications for employment made by the disabled, having regard to their aptitude and ability. Appropriate training is arranged, including retraining of employees who have become disabled.

#### **Employee involvement**

Managers are tasked with developing employees' awareness of factors affecting business and matters concerning them as employees and noting employees' views so that they can be taken in to account when making decisions that may affect them or the business. Regular meetings are held with employee representatives where trade union or staff associations are recognised or where works councils are constituted.

#### **Disclosure of information to the auditor**

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

#### **Reappointment of the auditor**

In accordance with Section 487 of the Companies Act 2006, Deloitte LLP has not been re-appointed as the company's auditor. Following a competitive tender process, KPMG LLP have confirmed their willingness to be appointed as the company's auditor for the year ending 31 December 2016.

Approved by the Board on 9 September 2016 and signed on its behalf by:



.....  
R Shah  
Director

## **Serco Geografix Ltd**

### **Statement of Director's Responsibilities**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Serco Geografix Ltd**

### **Independent Auditor's Report to the Members of Serco Geografix Limited**

We have audited the financial statements of Serco Geografix Ltd for the year ended 31 December 2015, which comprise the Profit and Loss Account, the Balance Sheet the Statement of Changes in Equity, and the related notes 1 to 18. 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), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of director and auditor**

As explained more fully in the Statement of Director's Responsibilities (set out on page 5), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in 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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



## **Serco Geografix Ltd**

### **Independent Auditor's Report to the Members of Serco Geografix 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



.....  
John Charlton (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

London  
United Kingdom

9 September 2016

# Serco Geografix Ltd

## Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover		5,151	6,893
Cost of sales		<u>(1,222)</u>	<u>(2,965)</u>
Gross profit		3,929	3,928
Administrative expenses		(55)	-
Other operating income	4	<u>36</u>	<u>7</u>
Profit before tax		3,910	3,935
Tax on profit on ordinary activities	9	<u>(4)</u>	<u>(250)</u>
Profit for the year		<u>3,906</u>	<u>3,685</u>

The above results were derived from continuing operations.

There were no items of other comprehensive income, and accordingly no statement of comprehensive income is shown.

**Serco Geografix Ltd**

**(Registration number: 03522659)  
Balance Sheet as at 31 December 2015**

	Note	2015 £ 000	2014 £ 000
<b>Fixed assets</b>			
Property, plant and equipment	10	13	49
<b>Current assets</b>			
Stocks	11	30	52
Debtors	12	<u>16,413</u>	<u>12,593</u>
		16,443	12,645
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	13	<u>(114)</u>	<u>(69)</u>
Net current assets		<u>16,329</u>	<u>12,576</u>
Total assets less current liabilities		16,342	12,625
Provisions for liabilities	15	<u>(231)</u>	<u>(420)</u>
Net assets		<u>16,111</u>	<u>12,205</u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Other reserves		7	7
Profit and loss account		<u>16,104</u>	<u>12,198</u>
Shareholders' funds		<u>16,111</u>	<u>12,205</u>

Approved by the director on 9 September 2016



R Shah  
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

**Serco Geografix Ltd**

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2014	-	7	8,513	8,520
Profit for the year	-	-	3,685	3,685
At 31 December 2014	-	7	12,198	12,205
	Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	-	7	12,198	12,205
Profit for the year	-	-	3,906	3,906
At 31 December 2015	-	7	16,104	16,111

The notes on pages 11 to 20 form an integral part of these financial statements.

## **Serco Geografix Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

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

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. This is because the company is included within the consolidated financial statements of Serco Group plc which are available from the address provided in note 18.

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

##### **Changes in accounting policy**

##### **Adoption of new and revised standards:**

##### **Annual Improvements to IFRSs: 2011-2013 Cycle**

Type: Amendments

##### **Background:**

Covers various matters:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

Effective for annual periods beginning on or after 1 January 2015, following EU Adoption.

##### **Impact on the company:**

- IFRS 1 is not relevant as IFRSs have already been adopted
- IFRS 3 changes relate to accounting within joint arrangements themselves and are therefore not relevant.
- IFRS 13 was amended to clarify the scope of the portfolio exception, which is not applied in the company financial statements.
- IAS 40 is not relevant to the company as no investment properties are held.

## **Serco Geografix Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. The exceptions to this would be the following occurrences:

- Uncontracted variations or claims.
- Payments by results contracts.
- Long-term contracts.

Turnover is deferred when payment is received in advance of performing the related service of delivering the associated goods, and released when the relevant contractual commitment is fulfilled.

Turnover on repeat service-based contracts is recognised as services are provided. Where initial contract costs (phase in costs) are paid for by the customer, turnover is recognised when the related costs are incurred.

The Company has a number of long-term contracts for the provision of complex, project-based services. Where the outcome of such long-term project-based contracts can be measured reliably, income and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date in accordance with IAS 18 Revenue and IAS 11 Construction Contracts. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs, but where a more accurate basis is available that alternative methodology is used. Contract costs include a rational allocation of overheads.

Where the outcome of a long-term project-based contract cannot be estimated reliably, contract turnover is recognised to the extent that it is probable that contract costs will be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that the total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately. Such amounts are not discounted.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## **Serco Geografix Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Fixed assets**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Plant and machinery	20% - 33%

#### **Debtors**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Pre-contract costs**

All bid costs are expensed through the profit and loss account up to the point where contract award (or full recovery of costs) is virtually certain. Bid costs incurred after this point are then capitalised within trade and other receivables. On contract award these bid costs are amortised through the profit and loss account over the contract period by reference to the stage of completion of the contract activity at the balance sheet date. Bid costs are only capitalised to the extent that it is expected that the related contract will generate sufficient future economic benefits to at least offset the amortisation charge.

Phase-in costs directly related to phase-in programmes of contracts are treated as an integral part of contract costs and are recognised on a straight line basis over the contract except where they are specifically reimbursed as part of the terms of the contract when they are recognised as turnover.

#### **Stocks**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

## **Serco Geografix Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **Creditors**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

#### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately in profit or loss.



## Serco Geografix Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described above, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

##### *Write down of fixed assets and inventory*

The Company reviews the carrying amounts of its tangible assets and inventory to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the write down required (if any).

Recoverable amount is defined as the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The fixed asset or inventory is written down immediately.

##### *Revenue recognition*

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. The exceptions to this would be the following occurrences:

- Uncontracted variations or claims. Where work has been performed outside of the normal contracting framework at the request of the customer or a claim has been made for work performed but in dispute, judgement is required in order to determine whether there is sufficient certainty that the Company will be financially compensated. Revenue is only recognised to the extent that there is written agreement with the customer or are virtually certain of being received.

- Payments by results contracts. When returns are directly linked to performance through cost savings or other customer driven key performance indicators over a period of time an estimate is made of the likelihood of achieving the necessary level of performance when the period covers a financial year end. Revenue is only recognised when we can be reasonably certain of achieving the required level of performance.

- Long-term contracts. Revenue and profit is recognised for certain long-term project-based contracts based on the stage of completion of the contract activity. The assessment of the stage of completion requires the exercise of judgement and is measured by the proportion of costs incurred compared to estimated whole-life contract costs, except where whole life contract costs exceed the contract value, in which case the excess is expensed immediately.

##### *Provisions for Onerous Contracts*

Determining whether provisions are required for loss making contracts requires significant judgements to be made regarding the ability of the company to maintain or improve operational performance. Judgements can also be made regarding the outcome of matters dependent on the behaviour of the customer in question or other parties involved in delivering the contract.

##### *Impairment of trade and other receivables*

Identifying whether there are indicators of impairment for trade and other receivables, involves a high level of judgement and a good understanding of the drivers of value behind the asset. At each reporting period an assessment is performed in order to determine whether there are any such indicators. The largest asset in the company's balance sheet is a receivable from a related party of £16.2m. This balance is supported by a letter of support from the company's ultimate holding company, Serco Group plc.

## Serco Geografix Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2015 £ 000	2014 £ 000
Interest receivable from group undertakings	<u>36</u>	<u>7</u>

#### 5 Operating profit

Arrived at after charging:

	2015 £ 000	2014 £ 000
Depreciation expense	36	663
Foreign exchange gains	7	4
Operating lease expense - other	<u>-</u>	<u>52</u>

#### 6 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	679	740
Social security costs	40	53
Pension costs, defined contribution scheme	14	6
Other employee expense	7	3
	<u>740</u>	<u>802</u>

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2015 No.	2014 No.
Administration and support	<u>18</u>	<u>23</u>

#### 7 Director's remuneration

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

## Serco Geografix Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 8 Auditors' remuneration

Auditor's remuneration of £7,500 for the audit of the Company's annual accounts was borne by another group company in the current financial period. There have been no non-audit fees incurred by the Company and payable to Deloitte during the period.

#### 9 Tax

Tax charged in the income statement

	2015 £ 000	2014 £ 000
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	<u>4</u>	<u>250</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	<u>3,910</u>	<u>3,935</u>
Corporation tax at standard rate	792	846
Increase in current tax from adjustment for prior periods	4	250
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(1)	(6)
Increase from tax losses for which no deferred tax asset was recognised	(176)	(113)
Decrease arising from group relief tax reconciliation	(613)	(727)
Deferred tax expense (credit) relating to changes in tax rates or laws	<u>(2)</u>	<u>-</u>
Total tax charge	<u>4</u>	<u>250</u>

#### Deferred tax

Due to tax losses available there were unprovided deferred tax assets of £794,000 (2014: £1,032,000) of which £751,000 of capital allowances in excess of depreciation (2014 - £1,011,000) and £43,000 of short-term timing differences (2014 - £21,000).

# Serco Geografix Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2015

### 10 Property, plant and equipment

	Other property, plant and equipment £ 000
<b>Cost or valuation</b>	
At 1 January 2015	<u>6,814</u>
At 31 December 2015	<u>6,814</u>
<b>Depreciation</b>	
At 1 January 2015	6,765
Charge for the year	<u>36</u>
At 31 December 2015	<u>6,801</u>
<b>Carrying amount</b>	
At 31 December 2015	<u>13</u>
At 31 December 2014	<u>49</u>

### 11 Stocks

	2015 £ 000	2014 £ 000
Raw materials and consumables	17	20
Finished goods and goods for resale	<u>13</u>	<u>32</u>
	<u>30</u>	<u>52</u>

There is no material difference between the value of stock and its replacement cost.

### 12 Debtors

	2015 £ 000	2014 £ 000
Trade receivables	106	209
Amounts owed by group companies	16,185	12,154
Prepayments	<u>122</u>	<u>230</u>
Total current trade and other receivables	<u>16,413</u>	<u>12,593</u>

#### Debtors: Amounts falling due in more than one year

Within amounts owed by group companies above, are amounts due in more than one year of £11,038,000 (2014 - £9,942,000) by group companies that have no fixed repayment date and bear interest based on LIBOR minus 0.2%.

## Serco Geografix Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2015

#### 13 Trade and other payables

	2015 £ 000	2014 £ 000
Trade payables	21	36
Amounts owed to group companies	-	1
Social security and other taxes	28	10
Other payables	65	22
	<u>114</u>	<u>69</u>

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

#### 14 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £14,012 (2014 : £5,958).

##### Defined benefit pension schemes

The company paid employer contributions of £nil (2014: £nil) into UK defined benefit schemes.

As stated in note 2, the company contributes to a group defined benefit scheme. The structure of the defined benefit scheme does not enable any of the group companies to identify their share of the schemes' underlying assets or liabilities, and consequently the scheme has been treated in the same way as defined contribution schemes in the company's financial statements. The total net pension asset on this Group defined benefit scheme at 31 December 2015 was £127.1m (2014: £143.9m asset).

The Group's major schemes are valued by independent actuaries annually using the projected unit credit method. This reflects services rendered by employees to the dates of valuation and incorporates actuarial assumptions primarily regarding discount rates used in determining the present value of benefits, projected rates of salary growth, and long-term expected rates of return of scheme assets. Discount rates are based on the market yields of high-quality corporate bonds in the country concerned. Further details on this Group defined benefit scheme can be found in note 34 of the consolidated Annual Review and Accounts of the company's ultimate parent, Serco Group plc, under the heading 'non contract specific'.

# Serco Geografix Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2015

### 15 Other provisions

	Onerous contracts £ 000	Other provisions £ 000	Total £ 000
At 1 January 2015	332	88	420
Increase in existing provisions	-	143	143
Provisions used	(332)	-	(332)
At 31 December 2015	-	231	231
Non-current liabilities	-	231	231

Other provisions arise in the year in respect of a dilapidations provision, of which utilisation is expected at the end of the lease in April 2016.

### 16 Obligations under leases and hire purchase contracts

#### Operating leases

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	23	52
In two to five years	1	17
	<u>24</u>	<u>69</u>

### 17 Share capital

#### Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 18 Parent and ultimate parent undertaking

These financial statements are available upon request from the company's immediate parent, Serco Limited.

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