

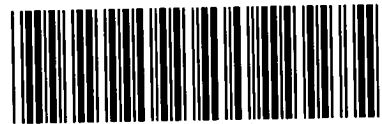
Registration number: 03522659

# **Serco Geografix Limited**

## **Annual Report and Financial Statements**

for the Year Ended 31 December 2018

TUESDAY



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# Serco Geografix Limited

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# Serco Geografix Limited

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## Company Information

**Directors** K Craven  
N Crossley

**Company secretary** Serco Corporate Services Limited

**Registered office** Serco House  
16 Bartley Wood Business Park  
Bartley Way  
Hook, Hampshire  
United Kingdom  
RG27 9UY

**Auditors** KPMG LLP  
15 Canada Square  
London  
E14 5GL

# Serco Geografix Limited

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## Strategic Report

for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

### Fair review of the business

The company's final contract ended on the 31st January 2018 and there are no expectations to trade in the future, therefore these accounts have been prepared on a basis other than going concern.

No dividend was paid in either the current and preceding period.

Given the straightforward nature of the business, the Company's directors are of the opinion that using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The Company's principal financial instruments are amounts payable to other group companies. The directors do 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 Overnight Group.

In December 2013, the UK's Serious Fraud Office announced that it had opened an investigation into Serco's Electronic Monitoring Contract. This contract was between Serco Limited and the Ministry of Justice. Serco Geografix Limited provided services under a subcontract with Serco Limited. The Serco group has cooperated fully with the Serious Fraud Office's investigation. On 4 July 2019, Serco Geografix Ltd (SGL) a wholly owned subsidiary received judicial approval of a Deferred Prosecution Agreement (DPA) with the UK Serious Fraud Office (SFO). This ruling concludes the SFO's investigation into Serco companies announced in November 2013. A provision of £22.9m (£19.2m fine and £3.7m payment of legal costs) has been charged during the year in respect of the investigation by the Serious Fraud Office and the fine of £22.9m was fully paid on 2nd August 2019. Further information in respect of the cost and outcome of the investigation can be found in note 15.

For ongoing compliance, please refer to the Annual Report and Accounts of Serco Group plc.

Approved by the Board on 20 September 2019 and signed on its behalf by:



N Crossley  
Director

# Serco Geografix Limited

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## Directors' Report

for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

### Directors of the company

The directors who held office during the year were as follows:

K Craven (appointed 26 October 2018)

N Crossley (appointed 26 October 2018)

B Bradley (resigned 26 October 2018)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Principal activity

The Company is not pursuing any activity during the current year and the company's final contract ended as at 31 January 2018.

### Results and dividend

The loss for the financial year, after tax is £22,845k (2017: profit of £78k).

The directors do not recommend the payment of a dividend (2017: £Nil).

### Going concern

The company's final contract ended on the 31st January 2018 and there are no expectations to trade in the future. Therefore, these accounts have been prepared on a basis other than going concern.

Serco Plc has paid the £22.9m fine on behalf of the Company.

### Disclosure of information to the auditors

The directors have taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Appointment of auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 20 September 2019 and signed on its behalf by:



N Crossley  
Director

## **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

### Opinion

We have audited the financial statements of Serco Geografix Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate basis for our opinion.

### Emphasis of matter

We draw attention to the disclosures made in note 2 to the financial statements which explain that the financial statements have not been prepared on the going concern basis for the reasons set out in the note. Our opinion is not modified in respect of this matter.

### Other Matter

#### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

### Strategic report and directors' report

The directors are responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

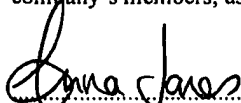
### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### *The purpose of our audit work and to whom we owe our responsibilities*

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.



Anna Jones (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date: 20 September 2019



## Serco Geografix Limited

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### Profit and Loss Account for the Year Ended 31 December 2018

	<i>Note</i>	<i>2018</i> <i>£ 000</i>	<i>2017</i> <i>£ 000</i>
Turnover	4	36	266
Cost of sales		<u>(22)</u>	<u>(204)</u>
Gross profit		14	62
Exceptional items	5	(22,924)	-
Other operating income	6	<u>65</u>	<u>15</u>
(Loss)/profit before tax		(22,845)	77
Tax on (loss)/profit on ordinary activities	10	<u>-</u>	<u>1</u>
(Loss)/profit for the year		<u><u>(22,845)</u></u>	<u><u>78</u></u>

The above results were derived from discontinuing operations (2017: continuing operations).

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

The notes on pages 10 to 17 form an integral part of these financial statements.

# Serco Geografix Limited

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## Balance Sheet

as at 31 December 2018

Registration number: 03522659

	Note	2018 £ 000	2017 £ 000
<b>Current assets</b>			
Debtors: Amounts falling due within one year	11	16,624	16,577
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	12	<u>(22,926)</u>	<u>(34)</u>
<b>Net (liabilities)/assets</b>		<u><u>(6,302)</u></u>	<u><u>16,543</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Other reserves		7	7
Profit and loss account		<u>(6,309)</u>	<u>16,536</u>
<b>Shareholders' (deficit)/funds</b>		<u><u>(6,302)</u></u>	<u><u>16,543</u></u>

The financial statements were approved by the director on 20 September 2019 and signed on its behalf by:



.....  
N Crossley  
Director

The notes on pages 10 to 17 form an integral part of these financial statements.

## Serco Geografix Limited

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### Statement of Changes in Equity

for the Year Ended 31 December 2018

	<i>Share capital</i> <i>£ 000</i>	<i>Other reserves</i> <i>£ 000</i>	<i>Retained earnings</i> <i>£ 000</i>	<i>Total</i> <i>£ 000</i>
At 1 January 2017	-	7	16,458	16,465
Profit for the year	-	-	78	78
At 31 December 2017	-	7	16,536	16,543
At 1 January 2018	-	7	16,536	16,543
Loss for the year	-	-	(22,845)	(22,845)
At 31 December 2018	-	7	(6,309)	(6,302)

The notes on pages 10 to 17 form an integral part of these financial statements.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 1 General information

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom under the Companies Act 2006. 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.

The level of rounding is to the nearest thousand ('000) unless otherwise stated.

### 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, disclosures in respect of the compensation of key Management Personnel, 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 16.

#### *Going concern*

The financial statements have been prepared on a basis other than going concern as a result of the Company's only contract having ended on 31 January 2018 and there are no expectations to trade in the future. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements. The Company will continue in existence until the Deferred Prosecution Agreement by the SFO (Serious Fraud Office) is concluded, subject to no additional judicial compliance and monitoring issued by the SFO.

Serco Plc has paid the £22.9m fine on behalf of the Company.

#### *New standards*

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The following new or revised standards have no material impact on the financial statements.

- IFRS 15 Revenue from Contracts with Customers

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 2 Accounting policies (continued)

IFRS 16 Leases was issued in January 2016 and is applicable to annual reporting periods beginning on or after 1 January 2019. The Company decided not to early adopt IFRS 16.

#### *IFRS9 Financial Instruments*

IFRS9 Financial Instruments (effective 1 January 2018) replaces IAS39 and introduces new requirements for classifying and measuring financial instruments and puts in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The impact of IFRS9 on the regular trading activities of the Company was immaterial. The key areas of focus for the Company under IFRS9 are:

- Intercompany loan recoverability

IFRS9 replaces the 'incurred loss' model in IAS39 with an 'expected credit loss' model. The new model applies to financial assets that are not measured at FVTPL (fair value through profit and loss), including loans, lease and trade receivables, debt securities, contract assets under IFRS15 and specified financial guarantees and loan commitments issued. It does not apply to equity investments.

Under the expected credit loss model, the Company is required to calculate the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Because every loan and receivable carries with it some risk of default, it is expected that every such asset has a loss attached to it from the moment of its origination.

The financial assets held on the balance sheet have been reviewed in order to determine whether any loss is required to be recorded based on these expected credit losses. However, given the fact that the Company's primary customer is Serco Ltd and given the majority of the current balances are with Serco plc are transacted with organisations with a sovereign credit risk, mainly governments, the counterparty credit risk is not considered to be material. Furthermore, the intercompany balances have been more than offset subsequent to the year end following Serco plc's settling the £22.9m fine issued by the SFO, on behalf of the Company.

#### *Turnover*

Turnover represents the delivery of monitoring services and associated equipment which is invoiced in line with fixed contractual prices.

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.

#### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. 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 re-translated.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 2 Accounting policies (continued)

#### *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 change 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.

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 carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### *Trade receivables*

Trade debtors 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 measured at transaction price less any impairment in accordance with IFRS 9.

#### *Trade payables*

Trade creditors 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 creditors 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 an obligation to make a cash outflow as a result of a past event. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date when settlement is considered to be likely.

### 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 judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

#### 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 Serco Group plc of £16,602k.

### 4 Turnover

	2018 £ 000	2017 £ 000
Rendering of services	<u>36</u>	<u>266</u>

### 5 Exceptional items

	2018 £ 000	2017 £ 000
SFO investigation	<u>22,924</u>	<u>-</u>

An exceptional charge of £22.9m (£19.2m fine and £3.7m payment of legal costs) has been recognised during the year to 31 December 2018 in respect of the investigation by the Serious Fraud Office. Further information in respect of the cost and outcome of the investigation can be found in note 15.

### 6 Other operating income

	2018 £ 000	2017 £ 000
Interest receivable on amounts owed by associate companies	<u>65</u>	<u>15</u>

### 7 Staff costs

The Company had no employees during the current or preceding financial year.

### 8 Directors' remuneration

The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from their respective Group company employer to the qualifying services they provide to the Company. The Company is also of the opinion any allocation would be immaterial.

# Serco Geografix Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 9 Auditor's remuneration

Auditor's remuneration of £7.5k (2017: £5k) for the audit of the Company's annual accounts was borne by another group company in both the current and preceding financial years. There have been no non-audit fees incurred by the Company and payable to KPMG LLP during the year (2017: £nil)

### 10 Tax

Tax charged/(credited) in the profit and loss account

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
UK corporation tax	<u>-</u>	<u>(1)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	<u>(22,845)</u>	<u>77</u>
Corporation tax at standard rate	(4,340)	15
Expenses not deductible for tax purposes	4,355	1
Deferred tax not provided	(15)	(119)
Group relief for nil consideration	<u>-</u>	<u>102</u>
Total tax credit	<u>-</u>	<u>(1)</u>

### Factors affecting future tax rate

In 2016 the UK Government enacted measures to reduce the current UK tax rate from 19% to 17% from April 2020. Any future current tax charge for the company will be calculated using these appropriately reduced rates.

### Deferred tax

There are unprovided deferred tax assets of £nil (2017: £478k) of which £nil was depreciation in excess of capital allowances (2017: £478k).

Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which they can be realised.



## Serco Geografix Limited

### Notes to the Financial Statements

for the Year Ended 31 December 2018

#### 11 Debtors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade receivables	22	23
Amounts owed by group companies	16,602	16,521
Accrued income	-	24
Prepayments	-	8
Other debtors	-	1
	<u>16,624</u>	<u>16,577</u>

The amount owed by group companies of £16.6m is a receivable from Serco Group plc and was settled in 2019.

#### 12 Creditors: Amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	2	9
Accrued expenses	-	14
Amounts due to group companies	-	3
Other payables	-	8
Provision	22,924	-
	<u>22,926</u>	<u>34</u>

A provision of £22.9m (£19.2m fine and £3.7m payment of legal costs) has been charged during the year in respect of the investigation by the Serious Fraud Office. The fine of £22.9m was fully paid on 2nd August 2019. Further information in respect of the cost and outcome of the investigation can be found in note 15.

#### 13 Share capital

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

	2018		2017	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 14 Commitments

The Company, together with its ultimate parent and certain other subsidiaries, is included within interest pooling arrangements involving cross guarantee structures. The maximum overdraft permitted by these arrangements is £5.0m (2017: £5.0m). The overdraft was undrawn at 31 December 2018.

### 15 Post balance sheet events

On 4 July 2019, Serco Geografix Ltd (SGL) a wholly owned subsidiary received judicial approval of a Deferred Prosecution Agreement (DPA) with the UK Serious Fraud Office (SFO). This ruling concludes the SFO's investigation into Serco companies announced in November 2013.

#### Key points to note in respect of the investigation, ruling and DPA

- Serco Geografix Ltd has taken responsibility under the terms of the proposed Deferred Prosecution Agreement for three offences of fraud and two of false accounting committed between 2010 and 2013 related to the reporting to the UK Ministry of Justice (MoJ) of the levels of profitability of Serco's Electronic Monitoring (EM) contract. These issues were reported by Serco to the SFO and the MoJ in November 2013.
- Investigations into allegations of wrongful billing which were the subject - understandably - of significant public and Parliamentary concern in 2013 have now been concluded without any criminal charges against Serco.
- SGL paid a fine of £19.2m together with £3.7m related to the SFO's investigation costs in August 2019. The fine reflects a discount of 50% as a result of Serco's self-reporting, as well as its significant and substantial cooperation with the investigation. No damages or disgorgement of profit will be payable to the MoJ because the SFO has agreed that Serco has already fully compensated the Department in respect of the offences as part of a £70m settlement paid by Serco to the MoJ in December 2013.
- The SFO has recognised the significant steps Serco has taken to reform itself, including the thorough implementation under independent supervision of a comprehensive Corporate Renewal Programme approved by the UK Government. This programme included over 80 actions and initiatives, and included rewriting our system of management control, as well as strengthening our bidding, contract management, internal audit and management assurance processes.
- Nobody who sat on the Board of Serco Group, or who was part of the Executive Management Team at the time these offences were committed, works for Serco today.
- Alongside the DPA, Serco has assumed certain obligations including on-going co-operation with the SFO and further strengthening of its Group-wide Ethics and Compliance functions, as well as agreeing to report annually to the SFO and the Cabinet Office on the Group's assurance programme.
- In June 2016 the Financial Reporting Council (FRC) announced an investigation into the conduct of the Group's auditors at the time, Deloitte. Nothing in these matters impacts the previously reported statutory accounts of Serco Group.

As this ruling is evidence of conditions which existed at the end of the reporting period, a provision of £19.2m relating to the fine and £3.7m of SFO investigation costs has been recorded in the 31 December 2018 balance sheet.

# Serco Geografix Limited

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## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 16 Parent and ultimate parent undertaking

The Company's immediate parent is Serco Holdings 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.