

Serco Listening Company Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013



A company registered in England and Wales, number: 03651678

Serco Listening Company Limited

Company Information

Registered office Serco House
16 Bartley Wood Business Park
Bartley Way
Hook
Hampshire
RG27 9UY

Auditor Deloitte LLP
London
United Kingdom

Serco Listening Company Limited

Directors' Report for the Year Ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013. As set out in note 2 to the financial statements, the directors consider it appropriate to prepare the accounts on the going concern basis.

The Strategic Report on pages 4 to 5 provide a description of the likely future developments.

Directors of the Company

The directors who held office during the year and to the date of this report were as follows:

J Benson (resigned 13 December 2013)

N Upton (resigned 31 December 2013)

A Harrison (resigned 31 July 2013)

H Harrison (resigned 17 January 2014)

R Holland

B King (resigned 8 November 2013)

D Rumble (resigned 1 January 2014)

M McPhail - Non-Executive Director

The following directors were appointed after the year end:

T Pullen - (appointed 1 January 2014 and resigned 9 April 2014)

M Morley (appointed 23 June 2014)

N Cossey (appointed 23 June 2014)

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

Each director has taken steps that they ought to have taken as a director 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.


Serco Listening Company Limited

Directors' Report for the Year Ended 31 December 2013

Auditor

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the reappointment of auditors annually are currently in force.

Approved by the Board on 15/9/14 and signed on its behalf by:


.....
N Cossey
Director

Serco Listening Company Limited

Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

Principal activity

The principal activity of the company is the provision of contact centre services and solutions.

Business review

Revenue reported for the financial year shows a small reduction from £120,856k to £118,719k on the previous financial period. However, at the end of 2012 contracts with a 2012 revenue value of £28,634k were transferred to Serco Limited. For the contracts which remained in Serco Listening Company Limited revenue has increased by £26,497k, mainly due to the successful full year operation of new contracts awarded in 2012 for Aegon, Shop Direct and Centrica. The company has made a profit for the financial year of £12,141k compared to £10,025k in the previous year excluding the gain on sale of operations.

During 2013 a new contract was awarded to deliver customer contact services for Brighthouse. This contract is for 10 years and is valued in total at approximately £47m. The Shop Direct and Aegon contracts have performed well both operationally and financially and Sky UK have again sought to delay contract exit. Customers are engaging in a very positive light with a view to extending or ameliorating current contract terms and the project pipeline is picking up well with several opportunities in the financial services market.

See note 18 for details of the dividend paid in the year.

Much of the changes affecting Serco Group have not impacted upon the company and it continues to seek new contracts, but also to extend and increase the activity in existing contracts. In addition the company is looking at improving its cost base and making improved use of its staff, assets and properties to improve efficiency and profitability. There have been no significant events after the balance sheet date requiring any adjustment or disclosure.

Principal risks and uncertainties

The directors do not consider that the Company is exposed to significant credit risk due to the nature and size of the contracts. The Company has no significant borrowings and so the director does not consider that the Company is exposed to interest rate or liquidity risk. Financial risk management for the Company is undertaken by Serco Group plc. The Group risk register is updated at least quarterly.

Principal risks and uncertainties relating to the Company are as follows:

Serco Listening Company Limited

Strategic Report for the Year Ended 31 December 2013

Risk - Failure to win a strategic or significant bid or rebid

Failure to win material bids or renew material contracts could restrict growth opportunities for the future or have an adverse impact on Serco's business, financial condition and results of operations. A significant number of Serco's contracts are awarded through formal competitive bidding processes. Competitive bidding processes present a number of risks, including substantial cost and management time and effort to prepare bids and proposals for contracts that may not be won.

If Serco does not continue to be competitive, show entrepreneurial spirit, deliver our promises it may result in the failure to win material bids or renew significant contracts that could restrict growth opportunities for the future or have an adverse impact on Serco's business, financial condition and results of operations.

Impact

- Failure to meet growth or profit expectations
- Significant financial loss or cost overrun
- Negative reputational impact potentially resulting in loss of existing or new business

Mitigation

- Business Lifecycle Governance process
- Governance structure managed through Investment and Ethics Committee, Programme and Project Boards
- Business strategy and targets managed through internal boards
- Regular review and monitoring of risk registers
- Gate review and formal sign off process
- Robust bidding and contract review process including financial, technical and commercial reviews

Risk- Major IT Failure or prolonged loss of critical IT systems

Our IT strategy is focused on standardising common processes, establishing common business systems and enabling ways of working by providing and embedding tools that support what we do. Within this the Company has defined enterprise applications. These are key information technology-based business systems within Serco. They include SAP for Finance, Procurement and Human Resources; Payroll, Risk Management, Safety Assurance, email, intranet and Nimbus Control for Process Excellence systems. Failings in the systems have the potential to seriously impact the management of the business.

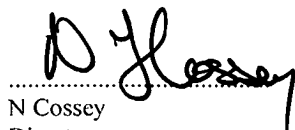
Impact

- Damage to reputation resulting in loss of existing or new business
- Impact on strategic objectives
- Inability to meet contract requirements or perform core business processes
- Costly to rectify and potential for dilution of shareholder returns
- Significant media attention and future scrutiny

Mitigation

- Information policies and systems and embedded governance structure
- Data recovery capability designed into systems and periodically tested
- Server and system performance monitoring and reporting
- Capacity management
- Data back-up and business continuity plans in place

Approved by the Board on 15/9/14 and signed on its behalf by:



N Cossey
Director

Serco Listening Company Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework 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 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.

Serco Listening Company Limited

Independent Auditor's Report

We have audited the financial statements of Serco Listening Company Limited for the year ended 31 December 2013, which comprise profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 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 directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Strategic Report and Directors' 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Serco Listening Company Limited

Independent Auditor's Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Helen George

Helen George (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

London
United Kingdom

Date: *15/9/14*

Serco Listening Company Limited

Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	3	118,719	120,856
Cost of sales		<u>(105,780)</u>	<u>(110,015)</u>
Gross profit		12,939	10,841
Administrative expenses		(655)	(543)
Amounts written off fixed asset investments	11	(7,072)	(5,772)
Amortisation of intangible assets	10	(42)	(273)
Profit on disposal of operations		<u>-</u>	<u>34,275</u>
Operating profit	4	5,170	38,528
Investment income	6	7,099	8,000
Interest receivable and similar income	7	18	-
Interest payable and similar charges	8	<u>(146)</u>	<u>(1,046)</u>
Profit before tax		12,141	45,482
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u>12,141</u>	<u>45,482</u>

The above results were derived from continuing operations.

There were no items of other comprehensive income and therefore no statement of comprehensive income has been shown.

Serco Listening Company Limited

Statement of Changes in Equity for the Year Ended 31 December 2013

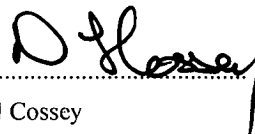
	Called up share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Share-based payments reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2012	960	5,329	1	-	(8,622)	(2,332)
Profit for the year	-	-	-	-	45,482	45,482
Equity dividends paid	-	-	-	-	-	-
At 1 January 2013	960	5,329	1	-	36,860	43,150
Profit for the year	-	-	-	-	12,141	12,141
Equity dividends paid	-	-	-	-	(20,000)	(20,000)
Share based payment transactions	-	-	-	35	-	35
At 31 December 2013	960	5,329	1	35	29,001	35,326

Serco Listening Company Limited

Balance Sheet as at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Intangible fixed assets	10	59	101
Tangible fixed assets	12	196	122
Investments	11	232	7,304
		<u>487</u>	<u>7,527</u>
Current assets			
Debtors: amounts due within one year	13	50,527	31,014
Debtors: amounts falling due after more than one year	13	20,092	45,033
		<u>70,619</u>	<u>76,047</u>
Creditors: Amounts falling due within one year	14	(11,940)	(40,424)
Net current assets		<u>58,679</u>	<u>35,623</u>
Total assets less current liabilities		59,166	43,150
Creditors: amounts falling due after more than one year			
Creditors: amounts due after more than one year	15	(23,840)	-
Net assets		<u>35,326</u>	<u>43,150</u>
Capital and reserves			
Called up share capital	17	960	960
Share premium		5,329	5,329
Share-based payment reserve		35	-
Capital redemption reserve		1	1
Profit and loss account		<u>29,001</u>	<u>36,860</u>
Shareholders' funds		<u>35,326</u>	<u>43,150</u>

The financial statements (registered number: 03651678) were approved by the Board on 15/5/14 and signed on its behalf by:


 N Cossey
 Director

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 General information

Serco Listening Company Limited is a Company incorporated in the 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 set out on pages 4 to 5.

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

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, financial instruments, capital management, standards not yet effective 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 19.

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

Going concern

The financial statements have been prepared on the going concern basis. The directors have acknowledged the latest guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009 and the consultation on draft guidance issued in November 2013. Whilst the current economic environment continues to be uncertain, the Company has a broad base contract portfolio, a strong balance sheet position and remains profitable. The Company is therefore well placed to manage their business risks successfully, despite the current uncertain economic climate, including those arising from the failure of customers to meet contractual obligations.

The Company also has secure and highly visible future revenue streams as income is based on long-term contracts. Based on detailed projections management believes that the Company has adequate resources to continue in operational existence for the foreseeable future, and as a result these accounts have been drawn up on the going concern basis.

Exemption from preparing group accounts

The financial statements contain information about Serco Listening Company Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Serco Group plc, a company incorporated in United Kingdom.

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts due for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Income is deferred when the Company has received consideration under the terms of a contract in advance of performing the related service or delivering the associated goods. Deferred income is recognised as revenue in the profit and loss account when the Company has fulfilled the relevant contractual commitment.

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Tax

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.

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.

Property, plant and equipment

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:

Asset class	Depreciation rate
Freehold land and buildings	2.5%
Furniture, fittings and equipment	10% - 33%

Other intangible assets

Licences and software are measured initially at purchase costs and development expenditure is capitalised as an intangible asset only if all of the following conditions are met:

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

- an asset is created that can be identified and which the Company intends to use or sell;
- the finalisation of the asset is technically feasible and the Company has adequate resources to complete its development for use or sale;
- it is probable that the asset created will generate future economic benefits; and
the development cost of the asset can be measured reliably.

Licences, software and development expenditure are amortised over the period over which the Company is expected to benefit. This period is between three to eight years, or the length of the contract if longer. Provision is also made for any impairment. All other development expenditure is written off as incurred.

Impairment of tangible and intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets 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 impairment loss (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. An impairment loss is recognised as an expense immediately.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Impairment losses and reversals are included within administrative expenses within the profit and loss account.

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Leases

Rentals payable under operating leases are charged on a straight line basis over the term of the relevant lease, even if the payments are not made on such a basis.

Defined contribution pension obligation

Contributions for the year in respect of defined contribution schemes are charged to the profit and loss account as they fall due. Differences between charges accruing during the year and cash payments are included as either accruals or prepayments in the balance sheet.

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

Share based payments

The ultimate parent, Serco Group plc, issues equity-settled share-based payments to certain employees and operates an HMRC approved Save As You Earn (SAYE) share option scheme open to eligible employees which allows the purchase of shares at a discount. These are measured at fair value at the date of grant. The fair value is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. SAYE options are treated as cancelled when employees cease to contribute to the scheme, resulting in an acceleration of the remainder of the related expense.

Where the fair value of share options requires the use of a valuation model, fair value is measured by use of the Binomial Lattice or Monte Carlo Simulation models depending on the type of scheme. Further details can be found in the Serco Group plc financial statements. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. Where relevant, the value of the option has also been adjusted to take account of market conditions applicable to the option.

3 Revenue

The analysis of the company's revenue (as defined by IAS 18 *Revenue*) for the year from continuing operations is as follows:

	2013 £ 000	2012 £ 000
Turnover	118,719	120,856
Interest received	18	-
Dividends received	7,099	8,000
	<u>125,836</u>	<u>128,856</u>

All turnover originated in the UK in the current and prior year.

4 Operating profit

Operating profits stated after charging:

	2013 £ 000	2012 £ 000
Operating lease expense - property	2,224	4,495
Operating lease expense - plant and machinery	27	26
Depreciation expense	52	3,287
Amortisation expense	<u>42</u>	<u>273</u>

Operating lease charges are payable to another group company.

Auditor's remuneration of £15,000 (2012: £20,000) for the audit of the Company's annual accounts was borne by another group company both in the current and preceding year.

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

5 Staff costs

The average number of persons employed by the Company (including directors) during the year was 3,065 (2012: 2,121).

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

	2013 £ 000	2012 £ 000
Wages and salaries	65,960	57,062
Social security costs	3,291	4,038
Other short-term employee benefits	713	-
Other post-employment benefit costs	1,886	256
Redundancy costs	1,113	-
Other employee expense	1	-
	<u>72,964</u>	<u>61,356</u>

No director received any remuneration for services to the Company during either the current or preceding financial year.

6 Investment income

	2013 £ 000	2012 £ 000
Dividends from subsidiary undertakings	<u>7,099</u>	<u>8,000</u>

7 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Interest receivable from group undertakings	<u>18</u>	<u>-</u>

8 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest payable to group undertakings	146	978
Other interest payable	<u>-</u>	<u>68</u>
	<u>146</u>	<u>1,046</u>

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

9 Taxation

Tax on profit on ordinary activities

	2013 £ 000	2012 £ 000
Current taxation		
UK corporation tax	-	-
Tax expense/(receipt) in the income statement	-	-

Factors affecting current tax charge for the year

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2012 - lower than the standard rate of corporation tax in the UK) of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Profit before tax	12,141	45,482
Corporation tax at standard rate	2,822	11,143
Non-taxable UK dividend receipts	(1,650)	(8,397)
Expenses not deductible for tax purposes	1,648	1,541
Current year temporary differences not recognised	12	553
Non-taxable profit on transfer of trade to Serco Limited	-	(2,880)
Group relief with no consideration	(2,832)	(1,960)
Total tax	-	-

The Company has no unprovided deferred tax assets (2012: £34,000 in relation to accelerated capital allowances).

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

10 Intangible assets

	Licences, software and development expenditure £ 000
Cost	
At 1 January 2013	129
At 31 December 2013	129
Accumulated amortisation	
At 1 January 2013	28
Amortisation charge	42
At 31 December 2013	70
Net book value	
At 31 December 2013	59
At 31 December 2012	101

11 Investments held as fixed assets

	Subsidiaries £ 000
Cost and net book value	
Brought forward	7,304
Impairment charge	(7,072)
At 31 December 2013	232

An impairment has been recognised against the investment in Listening Limited because it was placed into member's voluntary liquidation on 15 October 2013.

Details of undertakings

The company listed below is, in the opinion of the directors, the principal subsidiary. The percentage of equity capital directly or indirectly held by the Company is shown below. The company is incorporated and principally operates in the United Kingdom.

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2013	2012
Listening Limited	UK	Ordinary shares	100%	100%

Listening Limited's principal activity was outsourced contract centre management.

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

12 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2013	75	53	128
Additions	143	197	340
Transfers to group undertakings	(218)	-	(218)
At 31 December 2013	<u>-</u>	<u>250</u>	<u>250</u>
Depreciation			
At 1 January 2013	-	6	6
Charge for the year	4	48	52
Transfers to group undertakings	(4)	-	(4)
At 31 December 2013	<u>-</u>	<u>54</u>	<u>54</u>
Net book value			
At 31 December 2013	<u>-</u>	<u>196</u>	<u>196</u>
At 31 December 2012	<u>75</u>	<u>47</u>	<u>122</u>

13 Debtors

a) Amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade debtors	17,882	22,346
Amounts recoverable on contracts	7,767	2,414
Amounts owed by group companies	23,801	5,711
Prepayments and accrued income	923	494
Other debtors	<u>154</u>	<u>49</u>
Total current trade and other receivables	<u>50,527</u>	<u>31,014</u>

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

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

b) Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Amounts owed by group companies	-	37,557
Accrued income	20,092	7,476
	<u>20,092</u>	<u>45,033</u>

14 Creditors: Amounts falling due within one year

	2013 £ 000	2012 £ 000
Trade creditors	1,351	3,329
Accruals and deferred income	5,566	5,458
Amounts owed to group companies	1,451	25,077
Other taxes and social security	3,368	3,678
Other creditors	136	2,825
Bank overdrafts	68	57
	<u>11,940</u>	<u>40,424</u>

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

15 Creditors: Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Amounts owed to group companies	<u>23,840</u>	<u>-</u>

Amounts owed to group companies have no fixed repayment date and bear interest based on LIBOR plus 2%.

16 Pension and other schemes

Defined contribution scheme

The Company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme amounted to £1,886,000 (2012: £255,000).

No contributions were payable to the scheme at the end of the current or prior year.

Serco Listening Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

17 Called up share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary share capital of £1 each	958,278	958,278	958,278	958,278
Preference C shares of £0.00001 each	400,000	4	400,000	4
Ordinary D shares of £0.01 each	50,000	500	50,000	500
Ordinary E shares of £0.01 each	80,000	800	80,000	800
Ordinary P shares of £0.01 each	24,000	240	24,000	240
Ordinary F share of £1 each	1	1	1	1
	<u>1,512,279</u>	<u>959,823</u>	<u>1,512,279</u>	<u>959,823</u>

18 Dividends

	2013 £ 000	2012 £ 000
Equity dividend of £20.87 (2012: £nil) per ordinary share	<u>20,000</u>	<u>-</u>

19 Control

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.