

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED
REGISTERED NUMBER: 04164414

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Business Review

The Group is now in the operational phase of its PFI contract and has made solid progress during the year in terms of delivery and profitability

Key performance indicators and management of risk are detailed below

Principal risks and uncertainties

Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees

The financial risk management objectives and policies of the Group, together with an analysis of the exposure to such risks, as required under the Companies Act are set out below and in note 13 to the accounts

Key performance indicators

The Group has modelled the anticipated financial outcome of the Project across its full term. The Group monitors actual financial performance against this anticipated performance. As at 31 December 2013, the Group's performance reflects an acceptable variance to this model

The results for the year are set out in the consolidated profit and loss account on page 6

Financial risk management

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk and liquidity risk

Credit risk

Although the Police Authority is the sole client of the Group, the directors are satisfied that the Police Authority will be able to fulfil its obligations under the Project Agreement as it is underwritten by the Government

Liquidity risk

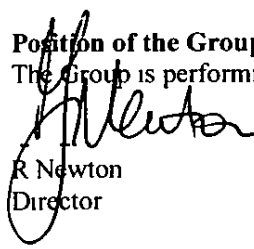
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's financial obligations, including the repayment of its borrowings which are provided on a long-term basis, have been structured to be met from the income which, under normal operating conditions, will be earned from its long-term concession contract with the Police Authority

Interest rate risk

The Group aims to manage exposure to interest rate fluctuations through a balance of fixed rate borrowings along with floating rate borrowings. The Group has also entered into swap contracts covering all of the debt projected to be drawn down which hedges the Group's interest rate exposure on bank loans. All other interest bearing assets and liabilities including the subordinated debt are primarily of fixed rate

Position of the Group at the year end

The Group is performing to the required standards of the contract


R Newton
Director

Dated 28 May 2014

SUSSEX CUSTODIAL SERVICES (HOLDINGS) 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

Principal activities

The Company acts as a holding company for its subsidiary whose principal activity is to finance, design, construct, maintain and partially operate custody centres for the Sussex Police and Crime Commissioners under the Government's private finance initiative. As a result of legislation included in the Police Reform and Social Responsibility Act 2011, all Police Authorities across England and Wales were replaced by Police and Crime Commissioners (PCCs). Following the PCCs taking office on the 22nd November 2012, the Police Authorities have ceased to exist. Under the Act, all property, rights and liabilities of the existing Police Authorities transferred to and are vested in the PCCs.

No change in the Company's activities is anticipated.

Results and Dividends

The profit for the year, after taxation, amounted to £707,604 (2012: £442,324)

The Directors have recommended a dividend payment in the year ended 31 December 2013 of £300,000 (2012: £100,000)

Directors

The Directors who served during the year and since the year end were

Name

R Newton

M C Wayment

G Quaife

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2012: £nil)

Provision of information to Auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company and the Group's auditor in connection with preparing its report and to establish that the Company and the Group's auditor is aware of that information

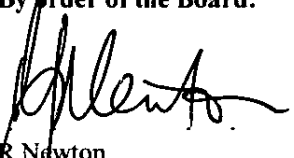
SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Auditor

The auditor, KPMG Audit plc, has instigated an orderly wind-down of its business and resigned as the company's auditor. The Board has appointed KPMG LLP as the company's auditor for the financial year ended 31 December 2013 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

By order of the Board:

X  X
R Newton
Director 22nd May 2014
Registered Office
21 St Thomas Street
Bristol BS1 6JS

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

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 and 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 group and the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of the profit or loss of the company for that period.

In preparing each of the group and parent company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

We have audited the financial statements of Sussex Custodial Services (Holdings) Limited for the year ended 31 December 2013, set out on pages 6 to 21. 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).

This report is made solely to the Company's members, as a body, in accordance 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 Directors' Responsibilities Statement 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. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, 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.



Amanda Moses (Senior statutory auditor)

for and on behalf of

KPMG LLP

Statutory Auditor

23 May

2014

15 Canada Square
London
E14 5GL

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £	2012 £
TURNOVER	2	9,787,111	10,234,111
Cost of sales		<u>(8,872,227)</u>	<u>(9,488,623)</u>
GROSS PROFIT		914,884	745,488
Administrative expenses		<u>(232,467)</u>	<u>(221,777)</u>
OPERATING PROFIT		682,417	523,711
Interest receivable and similar income	6	<u>1,421,604</u>	<u>1,459,347</u>
		2,104,021	1,983,058
Interest payable and similar charges	7	<u>(1,369,503)</u>	<u>(1,424,968)</u>
PROFIT BEFORE TAXATION	4	734,518	558,090
Tax on profit on ordinary activities	8	<u>(26,914)</u>	<u>(115,766)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>707,604</u>	<u>442,324</u>

All amounts relate to continuing operations

There is no difference between the profit for the financial year and the total recognised gains and losses relating to the year, and therefore no separate statement of total recognised gains and losses has been presented.

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

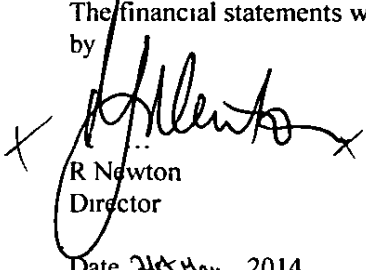
The notes on pages 10 to 21 form part of these financial statements

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED**CONSOLIDATED BALANCE SHEET****31 DECEMBER 2013**

Registered Number 04164414

	Notes	2013 £	2012 £
CURRENT ASSETS			
Debtors Amounts falling due after one year	10	17,747,420	18,275,969
Debtors Amounts falling due within one year	10	3,044,126	3,083,504
Cash at bank		<u>2,016,780</u>	<u>1,521,990</u>
		22,808,326	22,881,463
CREDITORS			
Amounts falling due within one year	11	<u>(1,526,986)</u>	<u>(1,544,830)</u>
NET CURRENT ASSETS		21,281,340	21,336,633
TOTAL ASSETS LESS CURRENT LIABILITIES		21,281,340	21,336,633
CREDITORS			
Amounts falling due after one year	12	(16,771,081)	(17,258,021)
PROVISIONS FOR LIABILITIES			
Deferred tax	8	<u>(1,190,279)</u>	<u>(1,166,236)</u>
NET ASSETS		<u>3,319,980</u>	<u>2,912,376</u>
CAPITAL AND RESERVES			
Called up share capital	14	156,065	156,065
Profit and loss account	15	<u>3,163,915</u>	<u>2,756,311</u>
SHAREHOLDERS' FUNDS	22	<u>3,319,980</u>	<u>2,912,376</u>

The financial statements were approved and authorized for issue by the board and were signed on its behalf by



R Newton
Director

Date 26 May 2014

The notes on pages 10 to 21 form part of these financial statements

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

31 DECEMBER 2013

Registered Number 04164414

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments	9	156,065	156,065
CURRENT ASSETS			
Debtors	10	<u>2,373,740</u>	<u>2,373,740</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,529,805	2,529,805
CREDITORS			
Amounts falling due after more than one year	12	<u>(2,373,740)</u>	<u>(2,373,740)</u>
NET ASSETS		<u>156,065</u>	<u>156,065</u>
CAPITAL AND RESERVES			
Called up share capital	14	<u>156,065</u>	<u>156,065</u>
SHAREHOLDERS' FUNDS	22	<u>156,065</u>	<u>156,065</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

X  X
R Newton
Director

Date 24th May 2014

The notes on pages 10 to 21 form part of these financial statements

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £	2012 £
Net cash inflow from operating activities	16	1,267,753	948,831
Returns on investments and servicing of finance	17	<u>77,711</u>	<u>61,067</u>
		1,345,464	1,009,898
Taxation		(3,797)	(4,015)
Equity dividends paid		(300,000)	(100,000)
Financing	17	<u>(546,877)</u>	<u>(688,425)</u>
Increase in cash in the year		<u>494,790</u>	<u>217,458</u>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		494,790	217,458
Cash flow from decrease in debt		<u>546,877</u>	<u>688,425</u>
Movement in net debt in the period		1,041,667	905,883
Net debt at 1 January 2013		<u>(16,472,315)</u>	<u>(17,378,198)</u>
Net debt at 31 December 2013		<u>(15,430,648)</u>	<u>(16,472,315)</u>

The notes on pages 10 to 21 form part of these financial statements.

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

Accounting convention

A summary of the Company's principal accounting policies, which have been consistently applied for both financial years, is set out below

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting standards and the Companies Act 2006

The Group has considerable financial resources and the investment company has a long term contract with Sussex Police & Crime Commissioner. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the going concern basis, in accordance with the historical cost convention and in accordance with the Companies Act 2006

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 December 2013.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover is recognised in accordance with the finance debtor and services income accounting policies below and excludes VAT.

Fixed asset investments

The investment in Sussex Custodial Services Limited is stated at cost. The carrying value of this investment is reviewed annually by the directors to determine whether there has been any impairment to the value.

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax

Deferred tax is recognized in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward losses and from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date. Deferred tax is measured on a non-discounted basis

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds

Finance debtor

The Group operates a Private Finance Initiative contract. The underlying asset is not deemed to be an asset of the Company under Financial Reporting Standard 5 Application Note F.

During the construction phase of the project, all attributable expenditure is included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs are transferred to finance debtors. During the operational phase PFI unitary charge receipts are allocated between interest receivable and the finance debtor using a project specific interest rate. The remainders of the PFI unitary charge receipts are included within turnover in accordance with the long term contract accounting policy below

The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of the services. Major maintenance costs are recognised on an incurred basis and the revenue receivable in respect of these services is recognised when the services are performed

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES - continued

Interest

Interest costs are capitalised during the construction phase of the contract and are amortised over the operational phase

2 TURNOVER

The turnover and profit before taxation are attributable to the Group's Private Finance Initiative contract. An analysis of turnover is given below

	2013	2012
	£	£
Services income	<u>9,787,111</u>	<u>10,234,111</u>

All turnover arose within the United Kingdom.

3 STAFF COSTS

The Company had no employees during the year (2012 Nil)

4 PROFIT BEFORE TAXATION

	2013	2012
	£	£
Auditor's remuneration:		
Audit of these financial statements	1,000	1,000
Amounts receivable by the company's auditor and its associates in respect of		
– Audit of financial statements of subsidiaries of the company	<u>10,000</u>	<u>9,000</u>

5 REMUNERATION OF DIRECTORS

The directors received no remuneration for their services (2012: £nil)

Amounts payable to third parties for directors' services were £51,984 (£2012: £53,592)

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£	£
Bank interest receivable	12,347	15,499
Finance debtor interest	<u>1,409,257</u>	<u>1,443,848</u>
	<u>1,421,604</u>	<u>1,459,347</u>

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Interest on bank loan	986,969	1,038,382
Interest on loan stock	356,060	358,988
Bank charges	870	910
Amortisation of loan issue costs	<u>25,604</u>	<u>26,688</u>
	<u>1,369,503</u>	<u>1,424,968</u>

8 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2013	2012
	£	£
Current tax		
- UK corporation tax on income for the year	<u>2,871</u>	<u>3,797</u>
Total current tax	<u>2,871</u>	<u>3,797</u>
Deferred tax		
- Change in tax rate	43,560	196,400
- Origination and reversal of timing differences	<u>(19,517)</u>	<u>(84,431)</u>
Total deferred tax	<u>24,043</u>	<u>111,969</u>
Tax charge on ordinary activities	<u>26,914</u>	<u>115,766</u>

Factors affecting the tax charge

The current tax charge for the period is lower (2012: lower) than the standard rate of Corporation Tax in the UK of 23.25% (2012 24.5%) The differences are explained below

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>734,518</u>	<u>558,090</u>
UK Corporation tax thereon at 23.25% (2012 24.5%)	170,775	136,732
Effects of		
Capital allowances in excess of related finance debtor amortization	74,270	37,007
Other tax reliefs	(17,637)	(18,585)
Utilisation of brought forward tax losses	<u>(224,537)</u>	<u>(151,357)</u>
Current tax charge	<u>2,871</u>	<u>3,797</u>

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31 DECEMBER 2013

8 TAXATION - continued

Factors that may affect future tax charges

The group has estimated accumulated tax losses of £2,469,000 (2012 £3,578,000) which have been carried forward to offset against future tax liabilities

The deferred tax has been calculated at 20%, in accordance with FRS 19

Deferred tax

Deferred tax is provided at 20% (2012 23%) in the financial statements as follows

	2013	2012
	£	£
Deferred tax asset brought forward	787,948	1,073,930
Tax losses movement for current year	(294,126)	(285,982)
	<hr/>	<hr/>
Total deferred tax asset	<u>493,822</u>	<u>787,948</u>
Deferred tax liability brought forward	(1,954,184)	(2,128,197)
Movement in capital allowances and related finance debtor amortisation	270,083	174,013
	<hr/>	<hr/>
Total deferred tax liability	<u>(1,684,101)</u>	<u>(1,954,184)</u>
Net deferred tax liability	<u>(1,190,279)</u>	<u>(1,166,236)</u>

Deferred tax asset has been recognised on those tax losses which can be set off against future profits of the Company. The future profits of the Company have been estimated based on the forecasted cash flows and its estimated contractual rights and obligations as an operator of a Private Finance Initiative contract.

A reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 January 2013 and 31 December 2013	<u>156,065</u>
Net book value	
At 31 December 2013	<u>156,065</u>
At 31 December 2012	<u>156,065</u>

The Company's investment at the balance sheet date is:

Sussex Custodial Services Limited

Country of incorporation United Kingdom

Nature of business PFI operator

Class of shares:	% holding
£1 ordinary shares	100.00

10 DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year:				
Unitary charge control account	1,636,678	1,708,611	-	-
Other debtors	878,899	891,225	-	-
Finance debtors	<u>528,549</u>	<u>483,668</u>	<u>-</u>	<u>-</u>
	<u>3,044,126</u>	<u>3,083,504</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Finance debtors	17,747,420	18,275,969	-	-
Amounts due from group undertakings	<u>-</u>	<u>-</u>	<u>2,373,740</u>	<u>2,373,740</u>
	<u>17,747,420</u>	<u>18,275,969</u>	<u>2,373,740</u>	<u>2,373,740</u>
Aggregate amounts	<u>20,791,546</u>	<u>21,359,473</u>	<u>2,373,740</u>	<u>2,373,740</u>

Included within finance debtors is £1,318,922 (2012: £1,318,922) in respect of capitalised net finance costs

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	509,470	547,000	-	-
Unamortised issue costs	(22,402)	(25,605)	-	-
Social security and other taxes	124,954	101,794	-	-
Corporation tax	2,871	3,797	-	-
Accruals and deferred income	912,093	917,844	-	-
	<u>1,526,986</u>	<u>1,544,830</u>	<u>-</u>	<u>-</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	14,564,223	15,073,564	-	-
Unamortised issue costs	(166,883)	(189,284)	-	-
Unsecured 15% loan stock	2,373,741	2,373,741	2,373,741	2,373,741
	<u>16,771,081</u>	<u>17,258,021</u>	<u>2,373,741</u>	<u>2,373,741</u>

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13 LOANS

An analysis of the maturity of loans is given below.

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Within one year or on demand:				
Bank loans	509,470	547,000	-	-
	<u>509,470</u>	<u>547,000</u>	<u>-</u>	<u>-</u>
Between one and two years:				
Bank loans	878,000	509,000	-	-
	<u>878,000</u>	<u>509,000</u>	<u>-</u>	<u>-</u>
Between two and five years:				
Bank loans	2,554,000	2,902,000	-	-
	<u>3,941,470</u>	<u>3,958,000</u>	<u>-</u>	<u>-</u>
Over five years:				
Bank loans	11,132,223	11,662,564	-	-
Unsecured 15% loan stock	<u>2,373,741</u>	<u>2,373,741</u>	<u>2,373,741</u>	<u>2,373,741</u>
	<u>13,505,964</u>	<u>14,036,305</u>	<u>2,373,741</u>	<u>2,373,741</u>

Bank loans are secured by a fixed charge over land and buildings under construction, the costs of which are included as finance debtors in the balance sheet. The loans are fully repayable by 31 December 2026.

Bank loans bear interest based on LIBOR. The Group has entered into interest rate swap contracts covering all of the debt projected to be drawn down which hedges the Group's interest rate exposure on senior debt. This has a fair value at 31 December 2013 of £2,846,171 (2012 £4,550,409). Loan interest is payable biannually in June and December.

The unsecured 15% loan stock is held by Sussex Custodial Services (Holdings) Limited, the Company's holding company. The loan stock is ultimately held by Infrastructure Investments LP at the year end. The loan is fully repayable by 30 June 2029.

Loan stock interest is payable biannually in March and September.

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal value £1	2013	2012
Number	Class		£	£
156,065	Ordinary		<u>156,065</u>	<u>156,065</u>

15 RESERVES

Group

	Profit and loss account £
At 1 January 2013	2,756,311
Profit for the year	707,604
Dividends Equity capital	<u>(300,000)</u>
At 31 December 2013	<u>3,163,915</u>

Company

	Profit and loss account £
At 1 January 2013	-
Retained profit for the year	300,000
Dividends: Equity capital	<u>(300,000)</u>
At 31 December 2013	<u>-</u>

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

16 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit	682,417	523,711
Decrease in debtors	567,927	421,151
Increase in creditors	<u>17,409</u>	<u>3,969</u>
Net cash inflow from operating activities	<u>1,267,753</u>	<u>948,831</u>

17 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	1,421,604	1,459,347
Interest paid	<u>(1,343,893)</u>	<u>(1,398,280)</u>
Net cash inflow from returns on investments and servicing of finance	<u>77,711</u>	<u>61,067</u>
 Financing		
Repayment of loans	<u>(546,877)</u>	<u>(688,425)</u>
Net cash outflow from financing	<u>(546,877)</u>	<u>(688,425)</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	1 1 13 £	Cash flow £	Other £	31.12.13 £
Net cash:				
Cash at bank and in hand	1,521,990	494,790	-	2,016,780
Debt due within one year	(547,000)	546,877	(509,347)	(509,470)
Debt due after one year	<u>(17,447,305)</u>	<u>-</u>	<u>509,347</u>	<u>(16,937,958)</u>
 Total	 <u>(16,472,315)</u>	 <u>1,041,667</u>	 <u>-</u>	 <u>(15,430,648)</u>

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

19 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The majority shareholder is Infrastructure Investments General Partner Limited, acting in its capacity as general partner for Infrastructure Investments LP. The ultimate parent company is HICL Infrastructure Company Limited incorporated in Guernsey.

These are the only group accounts which include the results of the company. There is no ultimate controlling party.

20 CAPITAL COMMITMENTS

At the 31 December 2013 the Group had no capital commitments (2012: £nil)

21 RELATED PARTY TRANSACTIONS

The shareholder is Infrastructure Investments General Partner Limited, acting in its capacity as general partner for Infrastructure Investments LP, which has a 100% interest in the Group.

During the year, the Group incurred costs charged by these related parties as follows

	Transactions		Balance owed to/(from) at year end	
	2013	2012	2013	2012
	£	£	£	£
Directors' fees				
- Infrastructure Investments LP	51,984	53,592	13,083	13,083
Unsecured 15% loan stock				
- Infrastructure Investments LP	356,060	358,988	2,373,741	2,373,741
Dividends				
- Infrastructure Investments LP	300,000	100,000	-	-
	708,044	512,580	2,386,824	2,386,824

SUSSEX CUSTODIAL SERVICES (HOLDINGS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2013	2012
	£	£
Opening shareholders' funds	2,912,376	2,570,052
Profit for the year	707,604	442,324
Dividends (Note 15)	<u>(300,000)</u>	<u>(100,000)</u>
Closing shareholders' funds	<u>3,319,980</u>	<u>2,912,376</u>

Company

	2013	2012
	£	£
Opening shareholders' funds	156,065	156,065
Profit for the year	300,000	100,000
Dividends (Note 15)	<u>(300,000)</u>	<u>(100,000)</u>
Closing shareholders' funds	<u>156,065</u>	<u>156,065</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt within the accounts of the Company was £300,000 (2012: £100,000).