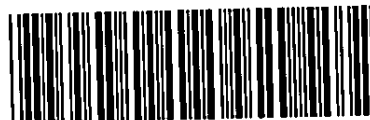


Registered Number 5826309

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

**Directors' Report and Financial Statements
For the year ended 31 March 2010**

THURSDAY



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JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

COMPANY INFORMATION

Directors	A Boddy P Townsend I Wong K Hill P J Whiscombe
Secretary	P R P George
Company Number	5826309
Registered Office	Tempsford Hall Sandy Bedfordshire SG19 2BD
Auditor	Grant Thornton UK LLP Chartered Accountants and Registered Auditor Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

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Pages	Description
1-2	Directors' Report
3	Report of the Independent Auditor
4	Profit and Loss Account
5	Balance Sheet
6	Cashflow Statement
7-11	Notes to the Financial Statements

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

1 Principal activities

The principal activities of the Company are the design, construction, financing, supply of certain services and maintenance of a Police station with a custodial unit in accordance with the terms of an agreement with Kent Police Authority. This agreement together with a loan facilities agreement, a construction contract, a facilities management contract and other related contracts were signed on 21 July 2006. The concession period runs for a period of 30 years from this date.

2 Business review and future developments

The Company's results are measured by the directors by comparison to the original financial model agreed as part of the financial close on 21 July 2006. The Company completed construction of the facility in the prior period and has provided continuous operation of the North Kent Police Station throughout the current financial year. There have been a small number of service issues but any related costs have been re-charged to the FM subcontractor, Reliance Secure Task Management. All debt repayments have been made in full and in the correct periods. The Company has incurred a loss in the period predicated on net interest payable being greater than budget. The high net interest payable charge is based on interest receivable being significantly lower than budget, based on rates that were half of those expected.

3 Principal risks and uncertainties

The principal risk at 31 March 2010 is interest rate risk. Interest rate risk is avoided due to borrowing senior debt at a fixed rate, by means of an interest rate swap facility that was entered into on 21 July 2006 and covers the life of the loan. Interest receivable risk continues to exist on the cash available to place on deposits.

4 Results and dividends

The loss for the period after taxation dealt with in the financial statements is £25,000 (2009 profit £38,000).

The directors do not recommend the payment of a dividend.

5 Directors

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

A Boddy
P Townsend (appointed 21 April 2009)
I Wong
P J Whiscombe
K Hill (appointed 22 September 2009)
M T Smith (resigned 22 September 2009)
J A Young (resigned 2 May 2010)
M Harrison (resigned 21 April 2009)

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

DIRECTORS' REPORT

(continued)

6 Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent 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 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.

7 Going concern

The directors have reviewed the company's projected cashflows which have been prepared on the basis of a detailed analysis of the company's finances and likely future demand trends. After consideration of these projections the directors consider the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

8 Disclosure of information to auditor

In so far as each of the directors is aware

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

9 Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

By Order of the Board



P J Whiscombe
Director

Date 5 July 2010

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED**

We have audited the financial statements of Justice Support Services (North Kent) Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and the notes to the financial statements. 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 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 Directors' Responsibilities Statement set out on page 2, 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on 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 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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, 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.

Grant Thornton UK LLP

Richard Hagley
Senior Statutory Auditor
Grant Thornton UK LLP
Statutory Auditor and Chartered Accountants
Central Milton Keynes

Date 7 July 2010

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2010

	<u>Note</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Turnover		1,936	2,151
Operating charges		(1,780)	(1,852)
Operating profit	2	<u>156</u>	<u>299</u>
Net interest payable	3	(187)	(251)
(Loss)/profit on ordinary activities before taxation		<u>(31)</u>	<u>48</u>
Taxation	5	6	(10)
(Loss)/profit for the financial year		<u>(25)</u>	<u>38</u>

A statement of movement in equity shareholders' funds is shown in note 11 in the financial statements

There is no difference between the historical cost result and the result stated above. The result reported above relates to continuing activities.

There are no recognised gains or losses other than the result for the period.

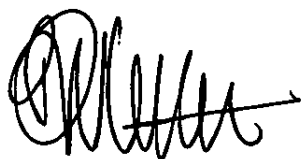
The notes on pages 7 to 11 form part of these Financial Statements.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

BALANCE SHEET
At 31 March 2010

	<u>Note</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Current assets			
Debtors amounts falling due within one year	6	1,658	981
Debtors amounts falling due after one year	7	35,317	35,714
Total debtors		<u>36,975</u>	<u>36,695</u>
Cash at bank and in hand		<u>2,742</u>	<u>3,393</u>
		<u>39,717</u>	<u>40,088</u>
Current liabilities			
Creditors amounts falling due within one year	8	(1,824)	(1,823)
Total assets less current liabilities		<u>37,893</u>	<u>38,265</u>
Creditors amounts falling due after more than one year	9	(37,877)	(38,224)
Net assets		<u>16</u>	<u>41</u>
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	12	6	31
Equity shareholders' funds	11	<u>16</u>	<u>41</u>

The financial statements were approved by the board on 5 July 2010 and were signed on its behalf by



P J Whiscombe
Director

The notes on pages 7 to 11 form part of these Financial Statements

Registered Number 5826309

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

CASHFLOW STATEMENT
For the year ended 31/03/10

	<u>Note</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Net cash inflow/(outflow) from operating activities	16	449	(493)
Returns on investments and servicing of finance			
Interest received		2,331	2,349
Interest paid and bank charges		(2,504)	(2,588)
		<u>(173)</u>	<u>(239)</u>
Taxation		6	(10)
Financing			
Receipt of subordinated loan		-	3,971
Repayment of term loan		(912)	(1,472)
Repayment of subordinated loan		(21)	(11)
		<u>(933)</u>	<u>2,488</u>
(Decrease)/increase in cash		<u>(651)</u>	<u>1,746</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(651)	1,746
Cash outflow/(inflow) from changes in debt financing		933	(2,488)
Change in net debt resulting from cash flows		282	(742)
Change in net debt	17	<u>282</u>	<u>(742)</u>
Net debt brought forward	17	<u>(35,578)</u>	<u>(34,836)</u>
Net debt carried forward	17	<u>(35,296)</u>	<u>(35,578)</u>

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The accounting policies adopted are disclosed below

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year.

Contract receivable

Costs incurred in construction have been accounted for under Financial Reporting Standard 5, "Reporting the Substance of Transactions". Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction.

The contract receivable is repaid over the life of the concession, and revenue is apportioned between a deemed interest charge and turnover. This deemed interest charge is based upon the value of the financial debt outstanding and is included within interest receivable.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Turnover

A margin is applied to costs charged to the profit and loss account to calculate the turnover credited to the profit and loss account. This margin is calculated as total income receivable over the concession, less all service costs and other operating costs payable over the concession.

The Company's sole business activity is that described in the Directors' Report, and accordingly all turnover is derived in the UK.

2 Operating profit

	2010 £'000	2009 £'000
Operating profit is arrived at after charging		
Auditor's remuneration		
Audit of the financial statements	9	8
Other fees and taxation	4	4
	<u>13</u>	<u>12</u>

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

	2010 £'000	2009 £'000
3 Net interest payable		
Interest payable on term loans	2,020	2,145
Interest payable on subordinated loans	475	441
Interest receivable on bank deposits	(29)	(211)
Interest receivable on finance debtor	(2,302)	(2,138)
Bank charges	9	-
Amortisation of issue costs	14	14
Net interest payable	<u>187</u>	<u>251</u>

4 Directors and employees

The directors were not directly remunerated for their services. The shareholders (as detailed in note 15) were paid £122,265 in respect of directors services for the year to 31 March 2010. The remuneration received during the period was in relation to the completion of services to the business during both the construction phase and the operating period. This was the first full year of operations and therefore this allowed an assessment of the cash available to remunerate Directors for work over the course of the project. The amount capitalised in the contract debtor was £61,764 and the amount expensed through the PL was £60,501, based on spreading the fees across the construction and operating periods.

The company has no employees.

5 Taxation	2010 £'000	2009 £'000
a) Analysis of (credit)/charge for the period		
Current tax		
Auk corporation tax at 21%	-	10
Adjustments in respect of prior periods	(6)	-
Total current tax (credit)/charge	<u>(6)</u>	<u>10</u>
b) Reconciliation of current tax (credit)/charge		
(Loss)/profit on ordinary activities before tax	(31)	47
Tax on (loss)/profit on ordinary activities at standard Corporation Tax rate of 21%	(6)	9
Disallowed expenses	-	1
Losses carried back	6	-
Adjustments to tax charge in respect of previous periods	(6)	-
Current tax (credit)/charge for the period	<u>(6)</u>	<u>10</u>

c) Factors that may affect the future tax charges

The company is not aware of any factors that may affect future tax charges.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6 Debtors: amounts falling due within one year	2010	2009
	£'000	£'000
Trade debtors	676	-
Prepayments and accrued income	438	475
Contract receivable	538	506
Corporation tax recoverable	6	-
	<u>1,658</u>	<u>981</u>
 7 Debtors: amounts falling due after more than one year	 2010	 2009
	£'000	£'000
Contract receivable	<u>35,317</u>	<u>35,714</u>
 8 Creditors: amounts falling due within one year	 2010	 2009
	£'000	£'000
Term loan	910	912
Subordinated loan	23	21
Trade creditors	24	21
Accruals	232	345
VAT	169	42
Retention	466	466
Other creditors	-	6
Corporation tax	-	10
	<u>1,824</u>	<u>1,823</u>
 9 Creditors: amounts falling due after more than one year	 2010	 2009
	£'000	£'000
Borrowings: term loan drawn down	33,189	34,099
less: unamortised issue costs	(338)	(352)
subordinated loan	3,916	3,939
Contract debtor control account	1,110	538
	<u>37,877</u>	<u>38,224</u>

Borrowings consist of

The term loan facility granted by Bank of Scotland is secured on the assets of the company. The loan facility is for a total value of £39,871,000 of which £34,099,000 was outstanding at 31 March 2010 (£35,011,000 at 31 March 2009).

The loan facility is repayable from September 2008 to March 2035.

Interest is charged on amounts drawn under the senior loan facility based on floating LIBOR plus a margin which is agreed for the term of the project. The Company has entered into a swap whose effect is to convert variable interest into fixed interest, the rate of this swap is 4.8%.

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(continued)

9 Creditors' amounts falling due after more than one year continued

	2010	2009
	£'000	£'000
Term Loan		
Amounts repayable are due as follows		
Within one year	910	912
In more than one year but not more than two years	892	910
In more than two years but not more than five years	2,870	2,839
In more than 5 years	29,427	30,350
	<u>34,099</u>	<u>35,011</u>

The subordinated loan facility is repayable in 6 monthly instalments, from September 2008 to March 2035 and bears an interest rate of 12.03%

	2010	2009
	£'000	£'000
Subordinated Loan		
Amounts repayable are due as follows		
Within one year	23	21
In more than one year but not more than two years	26	23
In more than two years but not more than five years	99	88
In more than 5 years	3,791	3,828
	<u>3,939</u>	<u>3,960</u>

10 Share capital

	2010	2009
	£	£
Authorised, allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

11 Reconciliation of movements in equity shareholders' funds

	£'000
Shareholders' funds at 31 March 2009	41
(Loss) for the period	(25)
Shareholders' funds at 31 March 2010	<u>16</u>

12 Reserves

	2010	2009
	£'000	£'000
Profit and loss account brought forward	31	(7)
(Loss)/profit for the period	(25)	38
Profit and loss account carried forward	<u>6</u>	<u>31</u>

13 Related party disclosures

During the period the company entered into transactions, in the ordinary course of business, with Kier Project Investment Limited and Kier Regional Limited both 100% subsidiaries of the Kier Group plc. There were also transactions with Reliance Secure Task Management Limited (whose ultimate parent is Reliance Security Group Limited, who were previously known as Reliance Security Group plc) and Bank of Scotland (part of the Lloyds Banking Group). The relationship with these companies is described in Note 15. Transactions entered into during the year and trading balances outstanding at 31 March 2010, are as follows:

JUSTICE SUPPORT SERVICES (NORTH KENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13 Related party disclosures (continued)

	Purchases		Amounts outstanding at 31 March	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Kier South East (Kier Regional Limited)	-	631	-	-
Kier Project Investment Limited	80	30	-	-
Reliance Secure Task Management Limited	1,404	1,938	13	18
Bank of Scotland - fees	59	9	-	-
Bank of Scotland - loan outstanding	-	-	34,099	35,011
Subordinated loan	-	-	3,939	3,960
	<u>1,543</u>	<u>2,608</u>	<u>38,051</u>	<u>38,989</u>

14 Commitments

Under the terms of a contract with Reliance Secure Task Management Limited dated 21 July 2006, the company is committed to annual payments totalling £1,293,000 (plus indexation) in respect of services to be provided during the concession period

15 Parent undertakings

As at 31 March 2010 the company was a wholly owned subsidiary of Justice Support Services (North Kent) Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The share capital of Justice Support Services (North Kent) Holdings Limited was held 42.5% by Kier Project Investment Limited (the ultimate holding company being Kier Group plc), 42.5% by BOS Infrastructure (No 3) Limited previously known as Uberior Infrastructure (No 3) Limited, (the ultimate holding company being Lloyds Banking Group plc) and the remaining 15% by Reliance North Kent PFI Limited, (the ultimate holding company being Reliance Security Group Ltd, who were previously known as Reliance Security Group plc)

Justice Support Services (North Kent) Holdings Limited, Kier Project Investment Limited, Reliance North Kent PFI Limited and BOS Infrastructure (No 3) Limited are incorporated in the United Kingdom and registered in England and Wales

16 Reconciliation of operating profit to net cash outflow/(inflow) from operating activities

	2010 £'000	2009 £'000
Operating profit	156	299
Change in debtors	(645)	(706)
Movement in contract receivable	937	926
Change in creditors	1	(1,012)
Net cash outflow/(inflow) from operating activities	<u>449</u>	<u>(493)</u>

17 Analysis of changes in net debt

	2009 £'000	Cash flow £'000	2010 £'000
Cash at bank and in hand	3,393	(651)	2,742
Term loan	(35,011)	912	(34,099)
Subordinated loan	(3,960)	21	(3,939)
Net debt	<u>(35,578)</u>	<u>282</u>	<u>(35,296)</u>