

**Company Registration No. SC291454**

**ADDIEWELL PRISON LIMITED**  
**Report and Financial Statements**

**For the year ended 31 March 2015**

# **ADDIEWELL PRISON LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

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## **ADDIEWELL PRISON LIMITED**

### **STRATEGIC REPORT**

**For the year ended 31 March 2015**

The company is a Private Finance Initiative (“PFI”) vehicle whose purpose is to design, construct, finance and manage HMP Addiewell. It has a 25 year operational contract with the Scottish Prison Service (“SPS”), due to complete in December 2033. The directors do not expect any change in the nature of the company’s business in the immediate future.

In the year the company made a profit of £1,790,000 (2014: £2,404,000) and closed the year with net assets of £2,765,000 (2014: £2,755,000).

The company’s operations are managed under the supervision of its shareholders and funders and are monitored by key performance indicators in the PFI contract with the SPS and the subcontract with Sodexo Limited who supply the facilities maintenance services throughout the life of the concession. These key performance indicators are in place to monitor certain operational functions and failure to meet minimum targets result in financial penalties, which are ultimately payable by Sodexo Limited. In the year these penalties amounted to £nil (2014: £nil).

The PFI contract and Subcontracts with SPS and Sodexo Limited are fixed for the life of the contract and this enables the company to have certainty over its income and major expenses until 2033. Furthermore the subsidiary has a Credit Agreement with its lender which fixes the level of borrowing and repayments due until the loan is fully repaid in 2032. Its main exposure is to financial risks as detailed in the following section.

### **PRINCIPAL RISK AND UNCERTAINTIES**

The company’s principal activity as detailed above is risk free as its trading relationships with its customer, funders and sub-contractors are determined by the terms of their respective detailed PFI contracts with the subsidiary.

### **FINANCIAL RISK MANAGEMENT**

The company has exposure to a variety of financial risks which are managed with the purpose of minimising any potentially adverse effect on the company’s performance.

The board has policies for managing each of these risks and they are summarised below:

#### **INTEREST RATE RISK**

The company hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap.

#### **INFLATION RISK**

The company’s project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

#### **LIQUIDITY RISK**

The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project cash flows are reasonably predictable and so this is not a major risk area for the company.

## **ADDIEWELL PRISON LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**For the year ended 31 March 2015**

#### **CREDIT RISK**

The company receives the bulk of its revenue from a Government agency and therefore is not exposed to significant credit risk.

Cash investments and interest rate swap arrangements are with institutions of a suitable credit quality.

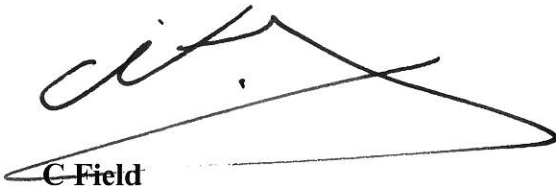
#### **EVENTS**

There have been no significant events since the balance sheet date.

#### **OWNERSHIP**

The company is owned by its ultimate shareholders Sodexo Investment Services Limited, Interserve plc and Infrastructure Investments Holdings Limited.

Approved by the Board of Directors on  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'C Field', written over a horizontal line.

**C Field**  
**Director**

1 September 2015

## **ADDIEWELL PRISON LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 March 2015**

Details of the principal risks and uncertainties are included in the Strategic Report.

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

### **STRATEGIC REPORT**

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the year, of its position at the end of the year and of the likely future developments in its business.

### **RESULTS AND DIVIDENDS**

The profit for the financial year was £1,790,000 (2014: £2,404,000). Dividends of £1,780,000 (2014: £1,600,000) were recommended and paid during the year. This has led to net assets of £2,765,000 (2014: £2,755,000).

### **ENVIRONMENT**

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and implements policies via its subcontractors to reduce any damage that might be caused by the company's activities.

### **EMPLOYEES**

The company has no direct employees.

### **DIRECTORS**

The directors who served throughout the year and up to the date of signing the financial statements were as follows:

S Carter  
J Cowdell  
C Field  
M Holden  
A Leech  
G Quaife  
I Renhard

### **SECRETARY**

Richard Keen

## **ADDIEWELL PRISON LIMITED**

### **DIRECTORS' REPORT (Continued)** **For the year ended 31 March 2015**

#### **INDEPENDENT AUDITORS**

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director at the date of approval of this report confirm that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office as auditors and appropriate arrangement have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf

A handwritten signature in black ink, appearing to be 'C Field', written over a horizontal line.

**C Field**  
**Director**

1 September 2015

## **ADDIEWELL PRISON LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

# **ADDIEWELL PRISON LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDIEWELL PRISON LIMITED**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Our opinion**

In our opinion, Addiewell Prison Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Addiewell Prison Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **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.

#### **OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



# **ADDIEWELL PRISON LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDIEWELL PRISON LIMITED (CONTINUED)**

### **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.



Peter Adams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Hull

) September 2015

## ADDIEWELL PRISON LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover		24,057	23,303
Cost of sales		(21,080)	(20,204)
		<hr/>	<hr/>
<b>Gross Profit</b>		<b>2,977</b>	<b>3,099</b>
Administrative expenses		(1,143)	(1,117)
		<hr/>	<hr/>
<b>Operating Profit</b>	2	<b>1,834</b>	<b>1,982</b>
Interest receivable and similar income	4	6,455	6,601
Interest payable and similar charges	5	(5,869)	(6,078)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>2,420</b>	<b>2,505</b>
Tax on profit on ordinary activities	6	(630)	(101)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	13	<b>1,790</b>	<b>2,404</b>
		<hr/> <hr/>	<hr/> <hr/>

The company has no recognised gains and losses other than those included in the profit and loss account above.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The results for the year relate to continuing operations.

# ADDIEWELL PRISON LIMITED

## BALANCE SHEET As at 31 March 2015

	Notes	2015 £'000	2014 £'000
<b>CURRENT ASSETS</b>			
Debtors:			
Amounts falling due after more than one year	8	88,466	90,781
Amounts falling due within one year	8	5,598	5,540
Cash at bank and in hand		9,169	9,553
		<hr/>	<hr/>
		103,233	105,874
<b>CREDITORS: amounts falling due within one year</b>	9	(11,353)	(10,981)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		91,880	94,893
<b>CREDITORS: amounts falling due after more than one year</b>	10	(84,286)	(87,937)
<b>PROVISIONS FOR LIABILITIES</b>	11	(4,829)	(4,201)
		<hr/>	<hr/>
<b>NET ASSETS</b>		2,765	2,755
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Share premium account		100	100
Profit and loss account	13	2,665	2,655
		<hr/>	<hr/>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	14	2,765	2,755
		<hr/>	<hr/>

The financial statements of Addiewell Prison Limited, registered number SC291454 on pages 8 to 19, were approved by the Board of Directors and authorised for issue on 1 September 2015.

Signed on behalf of the Board of Directors



**C Field**  
Director

## **ADDIEWELL PRISON LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended 31 March 2015**

#### **1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently through the current year, are set out below.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

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

The balance sheet on page 9 shows shareholders' funds at 31 March 2015 of £2,765,000 (2014: £2,755,000). The financial statements have been prepared on a going concern basis as the company has a long term agreement with the Scottish Prison Service which envisages losses in the early years, but overall a substantial profit. The group is currently performing in line with expectations.

##### **Turnover and Private Finance Initiative ("PFI") contract accounting**

Turnover, which excludes VAT and originates solely in the United Kingdom, represents amounts receivable from the operation of the prison provided in the normal course of business.

On commencement of its management of the prison, the company recorded a financial asset, being the amounts due for the completed property. This asset was deemed to be sold at fair value and was recorded as turnover at the inception of the lease. This amount reduces each year as payments are received (the "Capital Repayment").

In addition, finance income on this asset is recorded as interest receivable using a project property specific interest rate of 7.38% (the "Imputed Finance Charge").

Facilities management revenue, the remaining PFI payments, are recognised to the extent that the company obtains the right to consideration for providing the contracted services. The company adopts the unitary charge control account treatment, and as such recognises turnover as contract activity progresses at a mark up on costs related to the provision of the contracted services. In line with FRS 5 Application Note G, the mark up is based upon the forecast service revenue and costs over the concession period.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year Ended 31 March 2015**

**1. ACCOUNTING POLICIES (Continued)**

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available, evidence, it can be regarded as more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing difference 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 enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Derivative financial instruments**

The group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract.

**Cash flow statement**

Under the provision of Financial Reporting Standard No. 1 (revised), the company is exempt from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking which has produced a consolidated cash flow statement in its consolidated financial statements.

# **ADDIEWELL PRISON LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **Year Ended 31 March 2015**

### **2. OPERATING PROFIT**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
<b>Operating profit is stated after charging:</b>		
Auditors' remuneration		
- audit fee	<b>7</b>	<b>7</b>
Directors' services	<b>92</b>	<b>90</b>
	<hr/>	<hr/>

### **3. EMPLOYEES AND DIRECTORS**

The company has no employees (2014: none).

Amounts paid to related parties for directors' services totalled £92,000 (2014: £90,000).

### **4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Interest income on financial asset	<b>6,428</b>	<b>6,572</b>
Bank interest receivable	<b>27</b>	<b>29</b>
	<hr/>	<hr/>
	<b>6,455</b>	<b>6,601</b>
	<hr/>	<hr/>

### **5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Interest payable to parent undertaking (note 15)	<b>1,056</b>	<b>1,069</b>
Bank term loan interest payable	<b>4,736</b>	<b>4,951</b>
Other bank loans interest payable	<b>35</b>	<b>16</b>
Other finance costs	<b>42</b>	<b>42</b>
	<hr/>	<hr/>
	<b>5,869</b>	<b>6,078</b>
	<hr/>	<hr/>

# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
<b>Current tax</b>		
The tax credit is based on the profit for the year comprises:		
UK corporation tax on profits of the period	(2)	(2)
Adjustments in respect of prior periods	-	34
	<u>(2)</u>	<u>32</u>
<b>Deferred tax</b>		
Accelerated capital allowances and other short term timing differences	(204)	(291)
Changes in tax rates or laws	-	535
Losses carried forward	(424)	(340)
Adjustment in respect of prior periods	-	(37)
	<u>(628)</u>	<u>(133)</u>
<b>Total deferred tax (note 11)</b>	<u>(628)</u>	<u>(133)</u>
<b>Tax on profit on ordinary activities</b>	<u>(630)</u>	<u>(101)</u>

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20% (2014: 23%).

Profit on ordinary activities before taxation	2,420	2,505
Profit on ordinary activities at the UK tax rate 20% (2014: 23%)	484	576
Accelerated capital allowances and other short term timing differences	(204)	(335)
Adjustments in respect of prior periods	-	(34)
Losses carried forward	(424)	(392)
Expenses not deductible for tax purposes	146	153
<b>Total current tax charge/(credit)</b>	<u>2</u>	<u>(32)</u>

# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 23% from 1 April 2014 and to 20% from 1 April 2015, which was substantively enacted on 3 July 2013.

### 7. DIVIDENDS

	2015 £'000	2014 £'000
Equity – Ordinary share		
Interim paid (June): £780,000 (2014: £600,000) per £1 share	780	600
Interim paid (December): £1,000,000 (2014: £1,000,000) per £1 share	1,000	1,000
	<hr/>	<hr/>
	1,780	1,600
	<hr/>	<hr/>

### 8. DEBTORS

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Trade debtors	3,299	3,225
Financial asset	2,223	2,067
Prepayments and accrued income	76	248
	<hr/>	<hr/>
	5,598	5,540
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Financial asset	88,466	90,781
	<hr/>	<hr/>

The Financial Asset is unsecured and has an imputed finance charge of 7.38% pa. The asset is repayable in instalments over a 25 year period that commenced in 2009.



# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Bank loans and overdrafts (net of unamortised issue costs) (note 10)	7,661	7,375
Amounts owed to parent undertaking (note 15)	133	153
Amounts owed to non related parties	-	6
Interest owed to parent undertaking (note 15)	259	620
Amounts due to other related parties (note 15)	2,130	2,084
Corporation tax	2	2
Other taxation and social security	566	559
Accruals and deferred income	602	182
	<hr/>	<hr/>
	11,353	10,981
	<hr/>	<hr/>

See note 10 for details of terms and security in respect of bank loans.

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Bank loans and overdrafts (net of unamortised issue costs)	75,676	79,194
Amounts owed to parent undertaking (note 15)	8,610	8,743
	<hr/>	<hr/>
	84,286	87,937
	<hr/>	<hr/>
The maturity analysis of bank loans is:		
Within one year	3,561	3,375
Between one and two years	3,807	3,560
Between two and five years	11,609	11,942
Over five years	60,957	64,432
	<hr/>	<hr/>
	79,934	83,309
Less unamortised issue costs	(741)	(783)
	<hr/>	<hr/>
	79,193	82,526
	<hr/>	<hr/>

# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

The bank loan is secured by a fixed and floating charge over the assets of the company. Interest is charged on the above loan at the rate of LIBOR +0.85%. The loan is repayable in instalments over a period of 23 years, which commenced in 2009. The bank loan is with The Bank of Tokyo Mitsubishi UFJ.

In June 2006 the company entered into a 25 year fixed interest rate swap arrangement (amended March 2011) to hedge its exposure to the effect of interest rate fluctuations.

The swap converts the bank loan to a fixed rate of 5.04% and is payable in semi-annual amounts between 30 June 2009 and 31 December 2031.

The maturity analysis of amounts owed to parent company is:

	2015 £'000	2014 £'000
Within one year	133	153
Between one and two years	148	132
Between two and five years	566	504
Over five years	7,896	8,107
	<hr/>	<hr/>
	8,743	8,896
	<hr/>	<hr/>

Interest is charged on related party loan balances at the rate of 12%. The loans are unsecured and repayable in instalments over a period of 25 years, which commenced in 2009.

### 11. PROVISION FOR LIABILITIES

	2015 £'000 Provided	2014 £'000 Provided
Accelerated capital allowances	5,783	5,579
Losses	(954)	(1,378)
	<hr/>	<hr/>
Deferred Tax Liability	4,829	4,201
	<hr/>	<hr/>
Movement in deferred tax in year:		£'000
At 31 March 2014		(4,201)
Profit and loss account		(628)
		<hr/>
At 31 March 2015		(4,829)
		<hr/>

# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 12. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
<b>Allotted, called up and fully-paid</b>		
1 (2014: 1) ordinary share of £1 each	-	-
	<hr/>	<hr/>

### 13. RESERVES

	Share Premium account £'000	Profit and loss account £'000
At 31 March 2014	100	2,655
Profit for the financial year	-	1,790
Dividends (note 7)	-	(1,780)
	<hr/>	<hr/>
<b>At 31 March 2015</b>	<b>100</b>	<b>2,665</b>
	<hr/>	<hr/>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
Opening shareholders' funds	2,755	1,951
Profit for the financial year	1,790	2,404
Dividends (note 7)	(1,780)	(1,600)
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>2,765</b>	<b>2,755</b>
	<hr/>	<hr/>

# ADDIEWELL PRISON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year Ended 31 March 2015

### 15. RELATED PARTY TRANSACTIONS

Name of company	Type of transaction	Year ended 31 March 2015 £'000	Balance receivable/ (due) at 31 March 2015 £'000
Addiewell Prison (Holdings) Ltd	Parent company loan	-	(8,743)
Addiewell Prison (Holdings) Ltd	Parent company loan interest	(1,056)	(259)
Infrastructure Investments Holdings Ltd	SPV Charges	(31)	(66)
Sodexo Investment Services Limited	SPV Charges	(31)	(15)
Interserve Investments Ltd	SPV Charges	(81)	(49)
Sodexo Ltd	Operator & SPV fees	(20,482)	(1,832)

Name of company	Type of transaction	Year ended 31 March 2014 £'000	Balance receivable/ (due) at 31 March 2014 £'000
Addiewell Prison (Holdings) Ltd	Parent company loan	(118)	(8,896)
Addiewell Prison (Holdings) Ltd	Parent company loan interest	(1,069)	(620)
Royal Bank Project Services Ltd	SPV Charges	(15)	(15)
Sodexo Investment Services Limited	SPV Charges	(15)	(15)
Interserve Investments Ltd	SPV Charges	(79)	(19)
Sodexo Ltd	Operator & SPV fees	(19,650)	(1,741)

## **ADDIEWELL PRISON LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year Ended 31 March 2015**

#### **16. PARENT COMPANY AND CONTROLLING PARTIES**

The company's immediate parent undertaking is Addiewell Prison (Holdings) Limited, which is the smallest and largest entity to consolidate these financial statements. Copies of the financial statements of Addiewell Prison (Holdings) Limited are available from Addiewell Prison Limited, Interserve House, Ruscombe Park, Twyford, Reading, RG10 9JU.

Under a share pledge agreement Addiewell Prison (Holdings) Limited transferred the entire shareholding of Addiewell Prison Limited to Project & Export Finance (Nominees) Limited who are a nominee subsidiary of the company's bankers The Royal Bank of Scotland Plc, a related party. However, although in the legal form Addiewell Prison Limited is owned by Project & Export Finance (Nominees) Limited in substance Addiewell Prison (Holdings) Limited is able to exercise control via voting rights and is entitled to dividends, interest and other payments (whether of an income or capital nature) paid in respect of the shares.

Addiewell Prison Holdings limited is owned equally by three parties: Sodexo Investment Services Limited, Interserve PLC and Infrastructure Investments Holdings Limited. Accordingly, the Directors are of the opinion that the company does not have an ultimate controlling party.

#### **17. FINANCIAL INSTRUMENTS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Interest rate swap on loans		
Fair value of interest rate swaps	<b>(23,234)</b>	<b>(35,882)</b>

On 20 June 2006, in order to hedge against interest variations the company entered into a 25 year interest rate swap agreement with the Royal Bank of Scotland plc whereby, at monthly intervals during construction and six monthly intervals during operations, sums are exchanged reflecting the difference between the floating and fixed interest rates, calculated on a predetermined notional principal amount. The fixed interest rate is 5.04% on the senior loan. As the interest rate swap is considered to be effective, the value has not been accounted for within these financial statements.