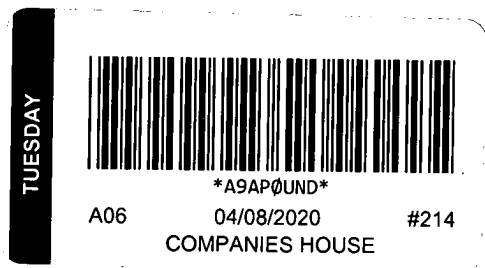


Registration number: 01485104

# G4S Cash Centres (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **G4S Cash Centres (UK) Limited**

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## **G4S Cash Centres (UK) Limited**

### **Company Information**

<b>Directors</b>	J L France J W V Apthorpe
<b>Company secretary</b>	V J Patel
<b>Registered office</b>	Sutton Park House 15 Carshalton Road Sutton Surrey SM1 4LD
<b>Independent auditors</b>	PricewaterhouseCoopers LLP The Portland Building 25 High Street Crawley RH10 1BG

## **G4S Cash Centres (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019.

#### **Fair review of the business**

##### *Principal activity*

The principal activity of G4S Cash Centres (UK) Limited ("the Company") is the provision of cash processing and cash management services.

##### *Financial performance*

The Company has net assets of £25,685,000 (2018: £23,539,000). This represents a year-on-year increase of £2,146,000 (9.1%).

The Company recorded sales of £58,077,000 (2018: £61,101,000). This represents a year-on-year decrease of £3,024,000 (4.9%). In comparison, the Company recorded cost of sales of £34,405,000 (2018: £35,330,000). This represents a year-on-year decrease of £925,000 (2.6%). Overall, the Company recorded gross profit of £23,672,000 (2018: £25,771,000). This represents a year-on-year decrease of £2,099,000 (8.1%).

The Company made a profit for the financial year of £2,146,000 (2018: £2,834,000). This represents a year-on-year decrease of £688,000 (24.3%).

In the year 2019 operational changes were implemented to improve the efficiency of the business following a 5% declines in cash volumes. In view of these changes the directors consider the result for the year to be satisfactory.

##### *Future developments*

In response to the COVID pandemic the directors expect to see a 30% reduction in activity volumes during the course of 2020 following which volumes will increase albeit unlikely to return to the volumes pre-COVID. The directors of the Company will continue to ensure that the cost base flexes with the change in demand with no expected changes to the principal activity of the business as we continue to provide essential services to the UK economy.

It is anticipated that the use of cash in the United Kingdom will post COVID continue its structural decline in the future years, which is likely to result in the increased use of non-cash payments. This trend as well as the tendency of the retail banks to minimise costs are likely to drive demand for highly efficient cash management solutions, favouring suppliers offering integrated solutions of cash counting, sorting, storing and re-distribution. In the medium term, the decline of the cash volumes use is expected to accelerate as the fully-integrated cash management solutions are being adopted more widely among the retailers and banks alike. The digital technology enabling these solutions is expected to develop both in the developed as well as in the developing countries.

The directors believe that the Company is well placed to secure new cash handling opportunities, particularly due to its expertise in handling complex cash infrastructure, regulatory frameworks and its continual investment in cash technology. The Company welcomes the findings of the Access to Cash Review in 2019 and continues to support cash as a payment choice in the UK.

##### **Key performance indicators**

The directors utilise a wide range of operational performance measures to monitor the Company's business activities and continue to deliver on our contractual Service-Level Agreements. The Company's directors do not believe that presenting consolidated operational key performance indicators would be necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

Financial KPIs for revenue and profit are presented in the financial performance statement.

## **G4S Cash Centres (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Principal risks and uncertainties**

All businesses are subject to risk. Many individual risks are macro-economic or social in nature and thus they are common to many businesses. Below, the risks considered key to the Company have been listed. The key risks are those which would materially damage the Company's strategy, reputation, business, profitability or assets. This list is in no particular order and it is not an exhaustive list of all potential risks. Some risks may be unknown at present and it may transpire that risks currently considered immaterial become material in the future.

**(1) *Major changes in market dynamics***

Major changes in market dynamics might include the development of new technologies or passing of new government legislation. Should these events occur in a rapid or an unpredictable manner, these might impact the Company's revenues and profitability as the Company adjusts to them.

***Risk mitigation approach***

The Company, in line with the policy of G4S plc group, is committed to proactively engage with its customers, suppliers, industry associations, government regulators and employee representatives. These actions aim to foster a dialogue with the stakeholders and enable the Company to respond to any changes in a timely manner. The Company also performs customer satisfaction surveys to further drive strong business relationships. Additionally, the Company continues to invest in the sales and development of its systems in order to respond to any changes in technology.

**(2) *Financial institution in-sourcing***

The Company provides a range of cash services to financial institutions and the current trend is for such institutions to out-source their cash services. Should this trend reverse, or should consolidation of the Company's customers occur, the demand for Company's services may be altered and this may result in adverse effects on the Company's revenue and profitability.

***Risk mitigation approach***

The Company actively engages with its customers, seeking to build strong business relationships. The Company also seeks customers' feedback on the services provided, ensuring that the Company is able to respond to any comments in a timely manner.

**(3) *Failure of the Company's IT systems***

The Company makes widespread use of information technology systems both in its day-to-day operations and for the purposes of financial management. Failure in these systems, for example physical damage or inaccessibility, could result in reputational damage, payments of compensation to the stakeholders and consequently, the loss of Company's revenue and profitability.

***Risk mitigation approach***

The Company developed business continuity procedures, in line with the policies of G4S plc group. Should failure in information technology systems occur, these procedures would be triggered, minimising adverse impact on the Company and its stakeholders.

## **G4S Cash Centres (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Principal risks and uncertainties (continued)**

**(4) *Cash losses***

The Company is responsible for substantial quantities of cash held on account of its customers. Should the Company lose any of the customers' cash, for example as a result of a criminal attack, this may result in reputational damage; and consequently lead to adverse effects on the Company's revenue and profitability.

***Risk mitigation approach***

The Company developed robust internal controls to ensure that the customers' cash is correctly accounted for at all times. Furthermore, the Company continues to invest in technologies which prevent and deter the loss of cash in criminal attacks.

**(5) *Deterioration in labour relations***

The Company has a good relationship with its committed work force. However, if this relationship were to deteriorate, for example as a result of industrial action, this may result in adverse effects on the Company's operations.

***Risk mitigation approach***

The Company is committed to proactively engage with its work force and employee representatives. These actions aim to foster a dialogue and enable the Company to resolve any disputes in a timely manner and thus minimise any adverse effects on the Company's operations.

## G4S Cash Centres (UK) Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### Statement by the directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006

The Board's engagement with the Company's stakeholders helps frame the Company's strategic direction, informs the Board's decision making process and overall supports the Board's duty to promote the success of the Company as set out in Section 172 of the Companies Act 2006. The directors of the Company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The following paragraphs summarise how directors fulfil their duties:

#### *Long-term view*

Assessment of long-term consequences of our decisions is at the heart of our risk-management strategy. On an annual basis the Board of directors assesses the major risks affecting the Company and develops mitigating strategies to reduce the likelihood of those risks crystallising. In turn, these strategies form the basis for the Company's financial budgets, resource planning and capital spend, setting the general direction for the Company. The financial budgets and other plans undertake scrutiny both from the managers directly involved in each functional area, as well as the G4S plc group ('the Group'). This approach ensures that the Company's strategy is able to address the ever-changing risk landscape, maintains the long-term focus and is aligned with the core values of the Group.

For more details on the principal risks and uncertainties affecting the Company, refer to the description of "Principal risks and uncertainties" above.

#### *Our employees*

Our employees are our most important asset and our success is underpinned by the way we lead and engage with our people. Attraction, retention and development of talent form the cornerstone of the Company's success. The directors strive to create a culture of engagement and inclusion, where every employee's contribution is valued and diversity of the team is celebrated. In particular, the directors have taken steps to promote the training materials for new and existing employees, strengthening the processes of onboarding as well as continuous education. Furthermore, the directors promoted our whistleblowing hotline, "Speak Out", emphasising the importance of ethical behaviour to the Company's core values. What is more, the directors maintain an active dialogue with the employees and employee representatives, fostering open communication channels and enabling exchange of ideas and expectations.

#### *Business relationships*

We view our customers and suppliers not merely as business parties, but as partners in delivering value and innovation. Our long-term customer relationships are based upon trust and understanding of our customers' business needs and objectives. Through those customer relationships and connections we look to deliver sustainable long-term growth in revenues, earnings and cash flow. We continuously measure customer satisfaction through the use of Net Promoter Score surveys, seeking to retain current customers and proactively engage in dialogue.

Our suppliers help us deliver our values. We have a responsible purchasing policy consistent with our business ethics and all our suppliers sign up to our Supplier Code of Conduct. We are also committed to the UK Prompt Payment Code and we aim to promote the use of SME businesses.

These actions aim to enhance our relationship not only with our customers and suppliers, but stakeholders at large. Our operations promote security and stability of communities through local engagement programs, economic contributions as well as activity in the industry forums.

## G4S Cash Centres (UK) Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

Statement by the directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 (continued)

#### *Community and environment*

Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure. We engage with the local communities, government, industry bodies and environmental groups as part of our sustainable development goals strategy. Our key priorities include taking care of health and well-being of our employees through awareness training and ongoing programs, creation of new employment opportunities as well as prevention of crime aiming to generate safe working behaviour for our employees and safe and secure communities.

Although our operations do not have a direct impact on the environment, we recognise our responsibility to combat the climate change. We aim to reduce the intensity of greenhouse gas emissions from our vehicles through implementing efficiencies in the way we operate, we foster energy-saving culture through employee awareness campaigns and we recycle a significant proportion of our waste as to minimise the amount of refuse disposed to landfill.

#### *Our reputation*


Strong brand and reputation differentiate us in the competitive market place. We hold ourselves, our employees and our business partners to high standards, embodied in the set of our corporate values. These values promote a culture and business interactions based on Integrity, Respect, Safety, Security, Service Excellence, Innovation and Teamwork.

We build and maintain our reputation in our day-to-day activities, engaging proactively with our customers, suppliers, employees and other stakeholders, anticipating potential issues and proceeding to a timely resolution. We deliver on our promises and we lead by example.

#### *Acting fairly*

The Company is a member of the G4S plc group and has no external shareholders. We maintain a continuous and open dialogue with our ultimate parent, G4S plc, and ensure we stay aligned with the Group's values and strategies.

Approved by the Board on 31 July 2020 and signed on its behalf by:

  
.....  
L. France  
Director



## **G4S Cash Centres (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

#### **Directors of the Company**

The directors of the Company, who were in office during the year and up to the date of signing, were as follows:

J M J Campbell (resigned 5 April 2019)

J L France

J W Lennox (resigned 2 January 2020)

The following director was appointed after the year end:

J W V Apthorpe (appointed 2 January 2020)

#### **Results and dividends**

The results for the year are set out on page 14. No dividends were paid by the Company during the financial year (2018: £Nil).

A review of the progress of the Company's business during the year, likely future developments, key performance indicators and principal business risks are contained in the Strategic Report on page 2.

#### **Employment of disabled persons**

It is the policy of the Company to give fair consideration to applications for employment made by disabled persons acknowledging the particular abilities and aptitudes of each applicant and taking into account the requirements of the vacancies available. The Company has been assessed and approved to use the "Positive about Disabled People" logo on its recruitment advertisements in the UK where the Company is also a member of the Employers Forum on Disability to raise awareness in the organisation of the importance of giving assistance to disabled persons in employment.

In the event of a member of staff becoming disabled, every effort is made via the Company's Occupational Health Adviser to ensure that their employment with the Company continues and that appropriate help is given to assist the member of staff.

It is the policy of the Company to ensure that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer any disability.

#### **Employee engagement**

The Board's engagement with the Company's employees is facilitated through a variety of initiatives and channels which are decided at a wider level of the G4S plc group. Further details of these can be found in the consolidated financial statements of G4S plc.

The Company is committed to inform and involve its employees in the business of the Company. The directors have applied the policies and decisions taken at the Group level during the year in the following ways:

- The 2019 employee engagement survey was completed, with results of the survey being reviewed and discussed by the Board, and action plans developed.
- Formal consultative committees and focus groups have been used to ensure that issues of mutual interest can be discussed and resolved.
- Onboarding, induction and refresher training have continued to be a priority. The Company offers all employees the opportunity to increase their skills and knowledge at work. Employees are encouraged to take responsibility for their own learning on an on-going basis using the extensive range of materials available, and using technology platforms to share training and learning paths more effectively.
- Company newsletters, employees magazines and other communications have been used on a regular basis to keep staff informed of events and performance within the Company.

## G4S Cash Centres (UK) Limited

### Directors' Report for the Year Ended 31 December 2019 (continued)

#### Employee engagement (continued)

- Specific campaigns on health and safety, our values and Speak Out whistleblowing arrangements have been conducted, linking to the Company's and wider Group's Corporate Social Responsibility focus.

#### Other stakeholder engagement

The Board's engagement with other stakeholders is largely driven by processes and initiatives which are decided at a wider Group level. Further details of these can be found in the consolidated financial statements of G4S plc.

The Company considers its key other stakeholders to be its customers, its suppliers and the wider society in which it operates. During the year, the Company's directors have reflected the policies made at the Group level in the following ways:

#### Key other stakeholders

##### How the Board engages

#### Customers

Through understanding our customers' needs we offer value-added, innovative, cost effective cash handling solutions and we build enduring relationships. This understanding comes from strong engagement with customers. Key areas of interest for customers include quality and price of service delivery, expertise in innovation, health and safety and business ethics.

The Company believes in proactive relationship management. During the year directors attended a number of meetings with customers and shared customer feedback and information with the rest of the Board. If, during contract discussions, we consider that a customer's interest are not well served in the long term by our proposals, we will make this clear even if it impacts negatively on our business. Being open and honest with our customers also means that we will raise concerns with them if we become aware of any business practices or processes in their business which we believe are contrary to their values or may compromise our own values. The Board also reviews customers' changing expectations or needs as part of its strategy session every year.

#### Suppliers

The Company has a responsible purchasing policy consistent with its' business ethics. Engagement with suppliers takes place in many different ways.

One of the main ways in which the Board considers key suppliers is as part of large contract bid or renewal approvals. We set high standards for our suppliers in the context of our own ethical policy. These standards are explained in our Supplier Code of Conduct. All suppliers are expected to comply with the Code or ensure that there is a clear time frame for full implementation of the Code within their own organisation and their associated suppliers and subcontractors.

The Company recognises that receiving timely reimbursements is of high interest to suppliers. It is our policy to pay suppliers in accordance with agreed terms of trade. What is more, the Company is committed to the UK Prompt Payment Code.

#### Society

Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure. The specialist security services delivered by the Company mitigate the risk or impact of criminal behaviour and help to create safer communities. As part of its decision making process, the Board takes into consideration a broad range of societal issues which are reported to the Board through a variety of means. During the year under review, the Board received regular updates on corporate governance reform and broader societal issues that were considered by the Financial Reporting Council and UK government.

## **G4S Cash Centres (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Environmental matters**

The Company's business does not have a significant direct impact on the environment. However, the Company recognises the importance of its responsibilities to reduce environmental impact in areas such as energy usage, recycling or environmentally-friendly products. In these areas the Company operates in accordance with the policies of G4S plc which are detailed in the G4S plc's annual report.

#### **Financial risk management**

The Company operates under the financial risk management objectives and policies of its ultimate parent, G4S plc, into which the results of the Company are consolidated. G4S plc's key objectives and policies include:

- Mitigating liquidity risk by ensuring there are sufficient undrawn committed facilities available to the G4S plc group;
- Conducting operating and financing activities, wherever possible, in the Company's local currency; and
- Utilising interest rate swaps and, to a lesser extent, forward rate agreements to manage future cash outflows.

Further details of the financial risk management objectives and policies of the G4S plc group, which the Company is a member of, are included in the consolidated financial statements of G4S plc.

#### **COVID-19**

Subsequent to the year end Covid-19, which emerged in China during 2019, has developed into a pandemic. Efforts to slow the spread of the virus have resulted in governments across the world taking measures to limit interactions between individuals which has had a consequential effect on the global economy resulting in further significant interventions being made by governments to support national and global economies. Further details of the risks faced by the Company and the G4S plc Group as a result of Covid-19 and the Group's ability to manage its growing global effects are included in the G4S plc 2019 consolidated financial statements. The directors have reassessed the position at the date of signing these financial statements and there is no change in view.

#### **Going concern**

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Company's products. The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continued to adopt the going concern basis in preparing its financial statements.

## **G4S Cash Centres (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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.

#### **Directors' confirmations**

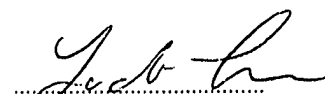
In the case of each director in office at the date the Directors' Report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution confirming their appointment will be approved at the Annual General meeting.

Approved by the Board on 31 July 2020 and signed on its behalf by:



.....  
M France  
Director

## **G4S Cash Centres (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Cash Centres (UK) Limited**

#### **Report on the audit of the financial statements**

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##### ***Opinion***

In our opinion, G4S Cash Centres (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Independence***

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## **G4S Cash Centres (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Cash Centres (UK) Limited (continued)**

#### ***Reporting on other information***

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### ***Responsibilities for the financial statements and the audit***

##### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### ***Auditors' responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **G4S Cash Centres (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Cash Centres (UK) Limited (continued)**

#### *Use of this report*

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.

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#### **Other required reporting**

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#### *Companies Act 2006 exception reporting*

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

We have no exceptions to report arising from this responsibility.



.....  
Sotiris Kroustis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick

31 July 2020

## G4S Cash Centres (UK) Limited

### Income Statement for the Year Ended 31 December 2019

			Restated *
	Note	2019 £ 000	2018 £ 000
Revenue	4	58,077	61,101
Cost of sales		<u>(34,405)</u>	<u>(35,330)</u>
<b>Gross profit</b>		23,672	25,771
Administrative expenses		<u>(20,687)</u>	<u>(21,789)</u>
<b>Operating profit</b>	5	2,985	3,982
Finance income	9	37	-
Finance costs	10	<u>(321)</u>	<u>(427)</u>
<b>Profit before income tax</b>		2,701	3,555
Income tax expense	11	<u>(555)</u>	<u>(721)</u>
<b>Profit for the financial year</b>		<u><u>2,146</u></u>	<u><u>2,834</u></u>

The above results were derived from continuing operations.

\* See note 21 for details of restatement as a result of the adoption of IFRS 16.



## **G4S Cash Centres (UK) Limited**

### **Statement of Comprehensive Income for the Year Ended 31 December 2019**

		<b>Restated *</b>
	<b>2019</b>	<b>2018</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit for the financial year	<u>2,146</u>	<u>2,834</u>
<b>Total comprehensive income for the financial year</b>	<u><b>2,146</b></u>	<u><b>2,834</b></u>

\* See note 21 for details of restatement as a result of the adoption of IFRS 16.

# G4S Cash Centres (UK) Limited

## Statement of Changes in Equity for the Year Ended 31 December 2019

		Restated *	Restated *
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	10	20,695	20,705
<b>Comprehensive income:</b>			
Profit for the financial year	-	2,834	2,834
Total comprehensive income for the financial year	-	2,834	2,834
<b>At 31 December 2018</b>	<b>10</b>	<b>23,529</b>	<b>23,539</b>
At 1 January 2019	10	23,529	23,539
<b>Comprehensive income:</b>			
Profit for the financial year	-	2,146	2,146
Total comprehensive income for the financial year	-	2,146	2,146
<b>At 31 December 2019</b>	<b>10</b>	<b>25,675</b>	<b>25,685</b>

\* See note 21 for details of restatement as a result of the adoption of IFRS 16.

# G4S Cash Centres (UK) Limited

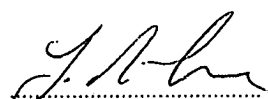
(Registration number: 01485104)

## Statement of Financial Position as at 31 December 2019

			Restated *
	Note	2019 £ 000	2018 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	12	8,681	10,252
Intangible assets	13	19	23
Deferred tax assets	11	1,100	491
		<u>9,800</u>	<u>10,766</u>
<b>Current assets</b>			
Inventories	14	156	155
Trade and other receivables	15	32,181	28,694
Cash and cash equivalents		133	270
		<u>32,470</u>	<u>29,119</u>
<b>Total assets</b>		<u>42,270</u>	<u>39,885</u>
<b>Current liabilities</b>			
Trade and other payables	16	(15,225)	(15,773)
Lease liabilities	17	(202)	-
Current tax liabilities		(1,158)	(573)
		<u>(16,585)</u>	<u>(16,346)</u>
<b>Total liabilities</b>		<u>(16,585)</u>	<u>(16,346)</u>
<b>Net assets</b>		<u>25,685</u>	<u>23,539</u>
<b>Equity</b>			
Share capital	18	10	10
Retained earnings		25,675	23,529
<b>Total shareholders' funds</b>		<u>25,685</u>	<u>23,539</u>

\* See note 21 for details of restatement as a result of the adoption of IFRS 16.

The financial statements on pages 14 to 35 were approved by the Board on 31 July 2020 and signed on its behalf by:

  
J L France  
Director

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 General information**

G4S Cash Centres (UK) Limited is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a private company, limited by shares. The Company's registered office is: Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD.

The financial statements are presented in sterling, which is the Company's functional currency, and in thousands of pounds unless stated otherwise.

#### **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 financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

##### **Going concern**

The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Company's products. The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continued to adopt the going concern basis in preparing its financial statements.

##### **Summary of disclosure exemptions**

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of G4S plc. Copies of the consolidated financial statements of G4S plc may be obtained by writing to the Company Secretary, G4S plc, 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT.

These disclosure exemptions relate to:

- the requirements of IAS 7 "Statement of cash flows";
- new IFRSs that have been issued but are not yet effective and which have not been applied by the Company;
- the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of: paragraph 79 (a) (iv) of IAS 1, paragraph 73 (e) of IAS 16 "Property, Plant and Equipment" and paragraph 118 (e) of IAS 38 "Intangible Assets";
- financial instruments disclosures required by IFRS 7 "Financial Instruments: Disclosures";
- disclosures required by IFRS 13 "Fair Value Measurement";

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions (continued)**

- the requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a)-(c), 120-127 and 129 of IFRS 15 "Revenue from contracts with customers";
- the requirements of paragraphs 52, 58, 90, 91 and 93 of IFRS 16 "Leases";
- the requirements of paragraphs 45 (b) and 46 to 52 of IFRS 2 "Share-based Payment";
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures" and the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more wholly-owned members of a group; and
- capital management disclosures required by paragraphs 134 of 136 of IAS 1 "Presentation of Financial Statements".

##### **New standards, interpretations and amendments effective for the first time**

###### ***IFRS 16 - Leases***

The Company has adopted IFRS 16 "Leases" with effect from 1 January 2019, and has prepared the financial statements in accordance with the requirements of this new standard. The Company has chosen to apply the standard fully retrospectively and has restated comparatives where appropriate. The Company elected to apply the practical expedient (as permitted by paragraph C3 (b)) not to apply IFRS 16 to contracts that were not identified as containing a lease applying IAS 17 and IFRIC 4 prior to 1 January 2018.

The principal effect of the new standard has been to gross up the Company's balance sheet to recognise additional right of use assets within property, plant and equipment and additional lease liabilities in respect of leases that were previously treated as operating leases. The associated operating lease charge that was previously recorded within operating costs has been removed and replaced with a depreciation charge in respect of the additional assets recognised and an interest charge in respect of the additional lease creditors recognised.

As interest is charged at the effective rate on the reducing balance of the liability over the lease term, the effect on profit before tax is variable over the term of a lease.

See note 21 for further details on the impact of the change in accounting policy.

###### **Revenue recognition**

The Company's revenue arises from the provision of cash processing and cash management services.

In all these business areas revenue is measured at the fair value of consideration received or receivable, net of discounts, VAT and other sales-related taxes.

Where services provided to customers include more than one particular revenue source, particularly in cash technology services, such as the supply and installation of equipment together with on-going services and maintenance contracts, the fair value of each revenue source is separately identified and allocated to each element of the arrangement and recognised as the product is sold or the services are delivered.

Revenue is recognised to reflect the period in which the service is provided.

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Employee benefits - retirement benefit cost**

The G4S plc group, which the Company is a member of, operates both defined contribution and defined benefit pension schemes.

Payments to the defined contribution schemes are charged as an expense as they fall due and represent contributions payable to the schemes for the year. Where the Company is a member of state managed or public sector schemes, payments are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The Company makes no ongoing contribution to any of the defined benefit pension schemes, and there is no contractual agreement to charge any such contributions or deficit repayments to the Company. When contribution to defined benefit scheme is made, it is accounted for in line with defined contribution schemes as the defined benefit schemes are multi-employer schemes and it is not possible to accurately identify the Company's share of scheme's assets or liabilities.

##### **Finance income and finance costs**

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

Finance costs are recognised as an expense in the income statement on the same basis.

##### **Foreign currencies**

These financial statements are presented in sterling, which is the Company's functional currency. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the income statement.

##### **Income tax**

Tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity or in other comprehensive income. The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of potential deferred tax assets is re-assessed at each balance sheet date and recognised to the extent that it is probable that sufficient taxable profits will be available to allow those assets to be recovered.

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Income tax (continued)**

Deferred tax is measured based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets on the basis of management judgement following consideration of the available relevant information.

##### **Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than assets under construction, less any estimated residual value, over their estimated useful economic lives on a straight-line basis, as detailed below.

Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

Assets held under leases are depreciated over the shorter of their expected useful economic lives and the terms of the relevant lease.

<b>Asset class</b>	<b>Depreciation rate</b>
Leasehold improvements	over the shorter of useful economic life and period of the lease
Equipment	3 - 10 years
Right of use assets	over the period of the lease

##### **Intangible assets**

###### **Software**

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment.

##### **Amortisation**

Amortisation is charged on intangible assets so as to write off the cost of assets, other than goodwill, less any estimated residual value, over their estimated useful economic lives on a straight-line basis, as detailed below.

Where significant, the residual values and the useful economic lives of intangible assets are re-assessed annually.

<b>Asset class</b>	<b>Amortisation rate</b>
Software	2 - 8 years

##### **Impairment of non-financial assets**

The carrying values of the Company's assets, with the exception of inventories, financial receivables and deferred tax assets, are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

In respect of any asset other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine its recoverable amount. The amount of the reversal is limited such that the asset's carrying amount does not exceed that which would have been determined (after depreciation and amortisation) if no impairment loss had been recognised.

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost represents expenditure incurred in the ordinary course of business in bringing inventories to their present condition and location and includes appropriate overheads. Cost is calculated on a first-in, first out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

##### *Trade and other receivables*

Trade and other receivables do not carry interest. They are initially recognised at fair value which represents the amount of consideration that is unconditional. They are subsequently carried at amortised cost using the effective interest method less loss allowances.

##### *Amounts owed by/to Group undertakings*

Amounts owed by/to Group undertakings (members of the G4S plc group) are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method.

##### *Accrued income*

Accrued income arises in relation to services provided that have not been invoiced at the year end.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

##### *Trade and other payables*

Trade and other payables do not carry interest. They are initially recognised at fair value and they are subsequently carried at amortised cost using the effective interest method.

##### *Deferred income*

Amounts received prior to the delivery of services are recorded as deferred income and released to the income statement as the services are provided.

##### *Bank overdrafts*

Bank overdrafts comprise cash balances in an overdrawn position. Interest expense on these balances is recognised in finance costs using effective-interest method. Bank overdrafts are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Impairment of financial assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, amounts owed by Group undertakings and other contract assets (being the unbilled work in progress). The expected loss rates are based on the payment profiles of sales over a period of at least 36 months before the end of the relevant reporting year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Company considers would affect the ability of its customers to settle the receivables.



## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Leases**

From 1 January 2019, the Company adopted IFRS 16 "Leases" using the fully retrospective approach.

The Company applied the exemptions of paragraphs 22-49 of IFRS 16 "Leases" in respect of short-term leases and leases for which the underlying asset is of low value, as permitted by paragraph 5 of IFRS 16. Low-value leases have been defined by the Company as leases for an asset for which the present value of future lease payments is less than £2,500. Short-term leases have been defined as leases with a term of less than 1 year.

Additionally, the Company elected to apply practical expedients not to separate non-lease components from lease components (as permitted by paragraph 15 of IFRS 16) and not to apply IFRS 16 to contracts not previously identified as leases under IAS 7 or IFRIC 4 (as permitted by paragraph C3 of IFRS 16).

The Company recognises a right-of-use asset and a corresponding liability from the date when the leased asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. These judgements, estimates and associated assumptions are based on historical experience, current and expected economic conditions, and in some cases, actuarial techniques as well as the various other factors that are believed to be reasonable under the circumstances.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

##### *Significant judgements*

Significant judgements are those made by management when applying its accounting policies that are considered to have the most significant impact on amounts recognised in the financial statements.

Those judgements that are considered to have the most significant impact on amounts recognised in the financial statements, apart from those involving estimations (which are disclosed separately below), are the following:

##### **Determination of lease term**

When the Company has the option to extend a lease or cancel it early, management uses judgement to determine whether or not an option would be reasonably certain to be exercised. In determining the lease term, management considers all facts and circumstances that create an economic incentive for the lessee to exercise or not exercise the option, including expected changes in facts and circumstances from the commencement date until the exercise date of that option. Further details are contained within note 17.

##### *Significant estimates and assumptions*

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates are made taking into account historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant estimates, assumptions and sources of uncertainty in preparing the Company's 2019 financial statements are set out below:

##### **Deferred tax assets**

Management judgement is required to determine the amount of deferred tax assets that can be recognised. Estimation is required to assess the likely timing and level of future taxable profits and assumptions are applied to determine the effect of future tax planning strategies. These judgements, estimates and assumptions may be affected by changes in legislation and in tax rates. Further details are contained within note 11.

##### **Determination of discount factor**

When the interest rate is not implicit in the lease, the Company uses the incremental borrowing rate to discount the lease liability to the present value. Management uses judgement to determine a rate which would be most similar to the rate of the lease. This involves assessing the appropriate type of security, borrowing term, amount of borrowing, payment profile as well as taking into account all relevant economic factors. Further details are contained within note 17.

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2019 £ 000	2018 £ 000
Rendering of services	<u>58,077</u>	<u>61,101</u>

Revenue arose from activities originating solely in the United Kingdom.

#### Assets and liabilities related to contracts with customers

	2019 £ 000	2018 £ 000
<b>Current assets</b>		
Trade receivables	4,391	3,982
Accrued income	<u>2,106</u>	<u>3,376</u>
<b>Total contract assets</b>	<u>6,497</u>	<u>7,358</u>
<b>Current liabilities</b>		
Deferred income	<u>(1,751)</u>	<u>(1,101)</u>

During the year the Company recognised £195,000 of revenue that was held in deferred income as at 31 December 2018 (2018: £347,000 of revenue recognised was held in deferred income as at 31 December 2017), and £Nil (2018: £Nil) of revenue in relation to performance obligations satisfied in prior years.

As at 31 December 2019, the Company recorded £Nil (2018: £Nil) of capitalised contract fulfilment costs on its statement of financial position. The Company did not incur any material contract acquisition costs during the current year (2018: none).

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 5 Operating profit

Arrived at after charging:

	2019	2018
	£ 000	£ 000
Depreciation expense	1,839	1,949
Depreciation on right of use assets - Equipment	36	-
Amortisation expense	4	4
Loss on disposal of property, plant and equipment	8	10
Cost of inventories recognised as an expense	<u>736</u>	<u>632</u>

#### 6 Staff costs

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

	2019	2018
	£ 000	£ 000
Wages and salaries	28,612	27,116
Social security costs	2,211	2,056
Pension costs, defined contribution scheme	916	772
Redundancy costs	<u>10</u>	<u>-</u>
	<u>31,749</u>	<u>29,944</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Operations	1,301	1,300
Administration and management	<u>69</u>	<u>64</u>
	<u>1,370</u>	<u>1,364</u>

There are 1,301 operations employees (2018: 1,300) who are legally employed by the Company, although they provide services solely to the fellow Group entity, G4S Cash Centres (UK) Limited. The Company makes a full recharge to G4S Cash Centres (UK) Limited. Consequently, the related staff numbers are disclosed in the financial statements of G4S Cash Centres (UK) Limited only.

#### 7 Directors' remuneration

The directors received no remuneration or accrued pension benefits in respect of their services to the Company during the current or prior year.

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 8 Auditors' remuneration

Fees payable to the Company's auditors were as follows:

	2019 £ 000	2018 £ 000
Audit of the financial statements	52	50
Other assurance services	152	151
	<u>204</u>	<u>201</u>

#### 9 Finance income

	2019 £ 000	2018 £ 000
Other finance income	37	-
	<u>37</u>	<u>-</u>

#### 10 Finance costs

	2019 £ 000	2018 £ 000
Interest payable on amounts owed to Group undertakings	317	427
Interest expense on lease liabilities	4	-
	<u>321</u>	<u>427</u>

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 11 Income tax expense

Tax expensed in the income statement is as follows:

	2019 £ 000	2018 £ 000
<b>Current tax</b>		
UK corporation tax	708	573
UK corporation tax adjustment to prior periods	456	-
<b>Total current tax</b>	<u>1,164</u>	<u>573</u>
<b>Deferred tax</b>		
Arising from origination and reversal of temporary differences	(232)	165
Arising from changes in tax rates and laws	24	(17)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(401)	-
<b>Total deferred tax</b>	<u>(609)</u>	<u>148</u>
<b>Total income tax expense in the income statement</b>	<u><u>555</u></u>	<u><u>721</u></u>

The tax on profit for the year is higher than (2018: higher than) the standard effective rate of corporation tax in the UK of 19% (2018: 19%).

The differences are reconciled below:

	2019 £ 000	Restated 2018 £ 000
Profit before income tax	<u>2,701</u>	<u>3,555</u>
Corporation tax at standard effective rate	513	676
Increase in current tax from adjustment for prior periods	456	-
Decrease from effect of revenues exempt from taxation	-	(5)
Increase from effect of expenses not deductible in determining taxable profit	42	99
Decrease from transfer pricing adjustments	(79)	(59)
Deferred tax credit from unrecognised temporary difference from a prior period	(401)	-
Deferred tax expense/(credit) relating to changes in tax rates or laws	24	(17)
Increase from effects of other factors	-	27
<b>Total income tax expense</b>	<u><u>555</u></u>	<u><u>721</u></u>

The standard effective rate of corporation tax for the current year is the same as the standard effective rate of corporation tax for the prior year.

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 11 Income tax expense (continued)

##### Deferred tax

Deferred tax assets are as follows:

	Asset £ 000
<b>2019</b>	
Accelerated tax depreciation	<u>1,100</u>
<b>2018</b>	
Accelerated tax depreciation	<u>491</u>

Deferred tax movement during the year is as follows:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	<u>491</u>	<u>609</u>	<u>1,100</u>

Deferred tax movement during the prior year was as follows:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>639</u>	<u>(148)</u>	<u>491</u>

Deferred tax assets and liabilities on temporary differences have been calculated using the UK corporation tax rate which will apply in the period during which they are expected to reverse.

Deferred tax assets and liabilities on temporary differences expected to reverse in the period from 1 January 2020 to 31 March 2020 have been provided at 19%. Deferred tax assets and liabilities on timing differences expected to reverse on or after 1 April 2020 have been provided at 17% as this was the future rate that had been enacted as at 31 December 2019. On 11 March 2020 the Chancellor announced that the reduction of the corporation tax rate to 17% as of 1 April 2020 would be cancelled. This cancellation was legislated for on 17 March 2020. The impact on this is that the deferred tax assets of the Company will increase from £1,100,000 to £1,229,000.

**G4S Cash Centres (UK) Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

**12 Property, plant and equipment**

	Leasehold improvements £ 000	Equipment £ 000	Assets under construction £ 000	Right of use assets (Equipment) £ 000	Total £ 000
<b>Cost</b>					
At 1 January 2019	6,079	15,758	24	-	21,861
Additions	8	142	320	235	705
Disposals	(264)	(891)	-	-	(1,155)
Transfers	-	20	(20)	-	-
At 31 December 2019	5,823	15,029	324	235	21,411
<b>Accumulated depreciation</b>					
At 1 January 2019	3,043	8,566	-	-	11,609
Charge for the year	269	1,670	-	36	1,975
Eliminated on disposal	(143)	(711)	-	-	(854)
At 31 December 2019	3,169	9,525	-	36	12,730
<b>Carrying amount</b>					
At 31 December 2019	2,654	5,504	324	199	8,681
At 31 December 2018	3,036	7,192	24	-	10,252



## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 13 Intangible assets

	Software £ 000	Total £ 000
<b>Cost</b>		
At 1 January 2019	1,091	1,091
Disposals	<u>(52)</u>	<u>(52)</u>
At 31 December 2019	<u>1,039</u>	<u>1,039</u>
<b>Accumulated amortisation</b>		
At 1 January 2019	1,068	1,068
Amortisation charge	4	4
Amortisation eliminated on disposals	<u>(52)</u>	<u>(52)</u>
At 31 December 2019	<u>1,020</u>	<u>1,020</u>
<b>Carrying amount</b>		
At 31 December 2019	<u>19</u>	<u>19</u>
At 31 December 2018	<u>23</u>	<u>23</u>

#### 14 Inventories

	2019 £ 000	2018 £ 000
Raw materials and consumables	<u>156</u>	<u>155</u>

#### 15 Trade and other receivables

		Restated
	2019 £ 000	2018 £ 000
Trade receivables	4,391	3,982
Amounts owed by Group undertakings	24,950	20,888
Accrued income	2,106	3,376
Prepayments	<u>734</u>	<u>448</u>
	<u>32,181</u>	<u>28,694</u>

Included in amounts owed by Group undertakings are loans of £24,950,000 (2018: £20,888,000) which are unsecured, interest-free and repayable on demand. All other amounts owed by Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 16 Trade and other payables

	2019 £ 000	2018 £ 000
Trade payables	985	591
Accrued expenses	154	363
Amounts owed to Group undertakings	10,147	11,744
Social security and other taxes	58	218
Deferred income	1,751	1,101
Other payables	2,130	1,756
	<u>15,225</u>	<u>15,773</u>

Included in amounts owed to Group undertakings are loans of £9,486,000 (2018: £11,011,000) which are unsecured and repayable on demand. Interest is charged on these loans at LIBOR + 2.25% (2018: LIBOR + 2.25%). All other amounts owed to Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

#### 17 Leases

Information about leases for which the Company is a lessee is presented below.

##### *(i) Amounts recognised in the Statement of Financial Position*

The Statement of Financial Position includes the following amounts relating to leases:

##### Carrying amount of right-of-use assets

	2019 £000	2018 £000
Equipment	<u>199</u>	<u>-</u>

Carrying amount of right-of-use assets is included within property, plant and equipment (see note 12).

Additions to right-of-use assets during the year totalled £1,916,000 (2018: £Nil).

##### Lease liabilities

	2019 £ 000	2018 £ 000
Current lease liabilities	<u>202</u>	<u>-</u>
	<u>202</u>	<u>-</u>

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 17 Leases (continued)

##### *(ii) Amounts recognised in the Income Statement*

The Income Statement includes the following amounts relating to leases:

##### **Depreciation charge on right-of-use assets**

	2019 £000	2018 £000
Equipment	<u>64</u>	<u>-</u>

##### *(iii) The Company's leasing activities*

##### *Nature of the Company's leasing activities*

The Company leases a number of its operating equipment. Leases of operating equipment are negotiated over an average lease term of five years.

##### *Exposure to future cash outflows not reflected in lease liabilities*

- Extension and termination options are included in a the Company's equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.
- The Company does not provide residual value guarantees in relation to its leases.
- There are no significant lease commitments for leases not commenced at year-end.
- None of the Company's leases contain variable lease payments.

##### *Restrictions or covenants imposed by the leases*

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. For leases of equipment, the Company must keep the equipment in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

##### *Sale and leaseback transactions*

There have been no sale and leaseback transactions in the current year.

#### 18 Share capital

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

	2019 No. 000	2019 £ 000	2018 No. 000	2018 £ 000
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

## **G4S Cash Centres (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **19 Retirement benefit obligations**

The G4S plc group operates both defined contribution and defined benefit pension schemes. Employer contributions to these schemes are fixed at a set level or set percentage of employees' pay.

##### *Defined contribution pension scheme*

The pension charge recognised in the income statement for the defined contribution scheme represents the contributions payable for the year. This has been detailed in note 6.

##### *Defined benefit pension schemes*

The UK defined benefit scheme is comprised of three sections: the Group 4 section which is the pension scheme de-merged from the former Group 4 Falck A/S, the Securicor section, for which the G4S plc group assumed responsibility on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, for which the G4S plc group assumed responsibility on 12 May 2008 with the acquisition of GSL.

The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the G4S plc group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

The Company makes no ongoing contribution to any of the schemes and there is no contractual agreement or stated policy for charging any such contributions or deficit repayments to the Company. When contribution to a defined benefit scheme is made, it is accounted for in line with the defined contribution scheme as the defined benefit schemes are multi-employer schemes and it is not possible to accurately identify the Company's share of the schemes' assets or liabilities.

The defined benefit schemes are multi-employer schemes and it is not possible to accurately identify the Company's share of scheme's assets or liabilities. The defined benefit liability is recognised in the financial statements of G4S plc.

As there is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit schemes to the Company, any pension charge recognised in the income statement represents the contributions payable for the year. The Company made no payments to the defined benefit schemes in the current year (2018: £Nil).

Further information on the defined benefit schemes and defined benefit liability has been disclosed in the consolidated financial statements of G4S plc.

#### **20 Parent and ultimate parent undertaking**

The Company's immediate parent undertaking is G4S UK Holdings Limited.

The Company's ultimate parent undertaking and ultimate controlling party is G4S plc, a company incorporated in the United Kingdom. G4S plc is also the parent undertaking of both the smallest and largest groups which include the results of the Company and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of G4S plc are available upon request from the Company Secretary, 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT.

## G4S Cash Centres (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 21 Adoption of IFRS 16

The Company has adopted IFRS 16 "Leases" from 1 January 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Company has applied the standard using the fully retrospective method and has restated its results for the comparative periods as if the Company had always applied the new standard. The only exception is that leases (as defined by IFRS 16) that were in existence at 1 January 2019 but did not meet the previous definition of leases will continue to apply their historical accounting.

The table below shows the adjustments recognised for each individual line item at at 1 January 2019 and 31 December 2018. Line items that were not affected by the changes have not been included.

	As reported 31 Dec 2018 £000	Reclassi- fication £000	Remeasure- ments £000	Restated 1 Jan 2019 £000
<b>Statement of Financial Position (extract)</b>				
Trade and other receivables	28,840	-	(146)	28,694
Retained earnings	23,675	-	(146)	23,529
<b>Income Statement (extract)</b>				
Administrative expenses	(21,643)	-	(146)	(21,789)
				<b>£000</b>
<b>Total operating lease commitments disclosed at 31 December 2018</b>				<b>6,271</b>
<b>(Less): leases transferred to G4S Cash Solutions (UK) Limited</b>				<b>(6,271)</b>
<b>Total lease liabilities recognised under IFRS 16 at 1 January 2019</b>				<b>-</b>
Of which:				
Current lease liabilities				-
Non-current lease liabilities				-

#### 22 Non adjusting events after the financial period

Subsequent to the year end Covid-19, which emerged in China during 2019, has developed into a pandemic. Efforts to slow the spread of the virus have resulted in governments across the world taking measures to limit interactions between individuals which has had a consequential effect on the global economy resulting in further significant interventions being made by governments to support national and global economies. Further details of the risks faced by the Company and the G4S plc Group as a result of Covid-19 and the Group's ability to manage its growing global effects are included in the G4S plc 2019 consolidated financial statements. The directors have reassessed the position at the date of signing these financial statements and there is no change in view.