Integrated Report and Accounts 2017

Securing Your World

IMAGE REMOVED

FOCUSED GROWTH

G4S provides electronic monitoring equipment to justice departments in around 20 countries across the world

IMAGE REMOVED

SECURING YOUR WORLD

Our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders.

We aim to do this by delivering industry-leading, innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders.

Highlights and contents

HIGHLIGHTS

STATUTORY RESULTS

Revenue
£7.8bn +3.1%
(2016: £7.6bn)

Adjusted PBITA
£491m +6.5%
(2016: £461m)

EPS
15.2p +18.8%
(2016: 12.8p)

Operating cash flow
£488m -20.7%
(2016: £615m)

Dividend per share
9.70p +3.1%
(2016: 9.41p)

CORE RESULTS[a]

Revenue (KPI)
£7.4bn +3.2%
(2016: £7.2bn)

Adjusted PBITA (KPI)
£496m +4.2%
(2016: £476m)

Adjusted EPS (KPI)
17.9p +5.9%
(2016: 16.9p)

Operating cash flow (KPI)
£527m -16.7%
(2016: £633m)

Employee engagement survey (KPI)
84%
Favourable response in 2017

IMAGE REMOVED

Visit g4s.com for more information

The Chief Financial Officer's review is on pages 37 to 50

a See page 44 for basis of preparation and definition of core businesses and for a reconciliation to statutory results. An explanation of Alternative Performance Measures is provided on page 35

Front cover

G4S provides technology and physical security services for the three consortia building the Thames Tideway tunnel. G4S is securing the project as a fully integrated partner for security across all 21 construction worksites.

The Thames Tideway tunnel is a £4.2 billion construction project, designed to stop London's iconic River Thames from being polluted. A cleaner Thames and a more attractive riverside will help underpin London's economic prosperity, attracting more tourists and boosting the use of river transport. It is also expected to help revitalise small local businesses and the commercial fishing industry by encouraging healthy marine life.

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL REPORT

(KPI) Financial KPI

Other financial and non-financial KPIs

Please see pages 32 to 33 for a description of the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities

SECURING YOUR WORLD

G4S is the world's leading global, integrated security company specialising in the delivery of security and related services across six continents.

We offer a broad range of security products and services on a single, multi-service and integrated basis. We have been investing in technology, software and systems. The Group's technology-related security revenues were £2.45 billion* in 2017 (2016: £2.2 billion).

* Technology-related security revenues are from the sale of security technology (£0.7 billion) and security solutions which combine our people with technology (technology enabled security £1.75 billion).

OUR BUSINESSES

SECURE SOLUTIONS (84% OF CORE BUSINESS REVENUES)

IMAGE REMOVED

SECURITY SERVICES AND TECHNOLOGY (77%)

Market

G4S operates an integrated security business in more than 90 countries across the globe. The global security market has structural growth qualities (see page 8 for a description of the growth drivers) and is highly fragmented: there are few international suppliers and our competitors are typically smaller local and regional companies. The security industry is seeing growing demand for technology-enabled and integrated security solutions (which combine people and technology) to deliver cost effective security, especially in developed markets.

Our approach

Against the backdrop of growing demand, we design, market and deliver a wide range of security and related services and our global footprint provides valuable access to a highly diversified customer base in markets around the world. Some traditional security markets are commoditised and significant price competition exists – we aim to differentiate G4S by providing industry leading security solutions that are innovative, reliable and efficient. Our scale and focus on productivity support, our cost competitiveness and our sustained investment in professional staff, technology, software and systems enable us to provide innovative and reliable solutions for our customers on a stand alone or integrated basis.

IMAGE REMOVED

CARE & JUSTICE SERVICES (7%)

Market

G4S Care & Justice Services are concentrated in the UK and Australia. The market for the private provision of care and justice services is fairly consolidated with a small number of large providers. Larger companies are usually better equipped to deliver the highly specialised services in this sector, working with a diverse supply chain including the voluntary sector. In the UK the market environment is mature with limited growth opportunities in the short to medium term; we expect the environment to be more positive in Australia.

Our approach

We aim to achieve positive outcomes for those in the care and justice system. G4S will only offer custody, detention, rehabilitation and care services where we can access a qualified talent pool and where the political, legal, human rights and regulatory framework is consistent with our Group values and results in acceptable operational, commercial and reputational risk.

CASH SOLUTIONS (16% OF CORE BUSINESS REVENUES)

IMAGE REMOVED

CASH SOLUTIONS

Market

G4S Cash Solutions is one of a small number of large global cash businesses and is the market leader or number two in 40 of its 42 markets. Each market is highly regulated (often by central banks) and the business requires significant infrastructure and expertise. G4S competes with local, national and a small number of international competitors. Cash volumes in most developed markets are flat or gradually declining at an aggregate market level. Cash usage continues to increase in emerging markets (see page 5 for cash usage trends). The Group sees significant revenue growth opportunities in providing technology solutions to reduce the cost and increase the ease of using cash for banks and retailers.

Our approach

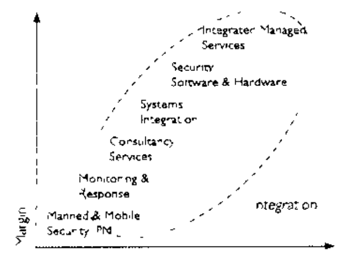
We transport, process, recycle, store securely and manage cash, and provide secure international logistics for cash and valuables. Our strategy is designed to enable us to aggregate cash handling volumes through cost leadership and product and service differentiation.

We invest in technology and sell proprietary cash management systems which combine skilled professionals with software, hardware and operational support in an integrated managed service. To support cost leadership we strive for a consistent operating model and use shared services to maximise efficiency.

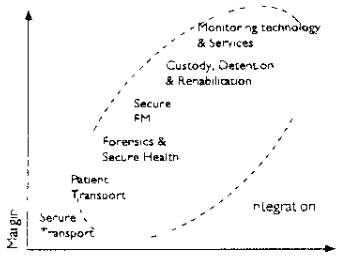
We operate around the globe, focusing on markets where we are able to build and sustain a material market share in our key service offerings. Outside the traditional cash market, there remains significant opportunity for retail cash and bank branch automation – services that have mainly remained in-house until now.

G4S plays a valuable and an important role in society. We provide direct employment for over half a million people around the world and make a difference by helping people to live and work in safe and secure environments. G4S takes a fully-integrated approach to its strategy and Corporate Social Responsibility. This is reflected in this report and please see page 18 for more information on our CSR approach and impact on society.

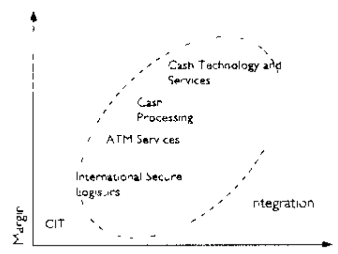
Secure Solutions



Care & Justice Services



Cash Solutions



OUR STRATEGY

Our strategy addresses the positive, long-term demand for security and related services, and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders.

We aim to do this by delivering industry-leading, innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders. These aims are underpinned by the key programmes in our strategic plan

IMAGE REMOVED

PEOPLE AND VALUES

IMAGE REMOVED

CUSTOMERS AND SERVICE EXCELLENCE

IMAGE REMOVED

TECHNOLOGY AND INNOVATION

IMAGE REMOVED

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

IMAGE REMOVED

FINANCIAL AND COMMERCIAL DISCIPLINE

Please see pages 14 and 15 for more details

OUR VALUES

Our people and values underpin everything we do. Our 'One G4S' model brings all areas of our business together and is designed to ensure that the way we go about our business is consistent across our global operations and is strongly aligned with our strategy and our values

We believe that this approach will generate significant benefits for our customers, employees and shareholders

Please see pages 22 to 58 for case studies of our values in action and sustainable development goals

We act with ...
INTEGRITY
AND **RESPECT**

We are passionate about
SAFETY SECURITY AND
SERVICE EXCELLENCE

We achieve this through
INNOVATION
AND **TEAMWORK**

FOCUSED GROWTH

Since 2013, revenues from core businesses have grown by 17% and Adjusted EPS by 48% while generating operating cash flow of £2.5 billion.

The Group's strong cash generation has enabled us to invest in growth, pay dividends of more than £700 million and at the same time *strengthen the Group's financial position*, reducing net debt/Adjusted EBITDA to 2.4x at the end of 2017.

Over the same period we have created innovative new products and services for our customers and we greatly improved safety performance for our employees.

We are continuing to invest in growth, technology and productivity in order to capitalise on our strong positions and to support our aim of delivering sustainable, profitable growth.

IMAGE REMOVED

OUR STRATEGY

OUR STRATEGY ADDRESSES THE POSITIVE LONG-TERM DEMAND FOR SECURITY AND RELATED SERVICES AND OUR ENDURING STRATEGIC AIM IS TO DEMONSTRATE THE VALUES AND PERFORMANCE THAT MAKE G4S THE COMPANY OF CHOICE FOR CUSTOMERS, EMPLOYEES AND SHAREHOLDERS.

Our business

The Group has two business segments, each with a number of key service lines

Secure Solutions, comprising

- Security incorporating risk consulting software, manned security, software and systems and integrated security solutions
- Facilities management including integrated security and FM services
- Care & Justice Services comprising custody, health, transportation, care and rehabilitation in the UK and Australia

Cash Solutions, comprising

- Cash transportation, cash processing and ATM services
- Smart safes and cash recycling
- Cash Technology comprising software and service solutions

2017 Results highlights – core businesses

Revenues rose by 3.2% to £7.4 billion. The combination of growing revenues and improved productivity saw the Group's adjusted earnings per share rise by 5.9% to 17.9 pence per share. The Group generated operating cash flow of £627 million, equivalent to 106% of Adjusted PBITA in line with our guidance of a normalised rate of over 100%.

Ashley Almanza, Group Chief Executive Officer

IMAGE REMOVED

PEOPLE AND VALUES

Organisation

Over the past four years we have invested in sales, business development, technology and our support and control systems, processes and resources. We now have sufficient strength and depth in these areas to enable us to implement the next, critical phase of our organisational development and with effect from 1 January 2018 we have reorganised the Group-wide management of our core business. The principal features of this change are:

- Creation of a Global Cash Solutions division
- Consolidation of our Secure Solutions businesses into four regions: Americas, Europe & Middle East, Africa and Asia

Our new organisation will enable us to strengthen further our strategic, commercial and operational focus in each of our core service lines. We will continue to build and utilise shared services for the provision of efficient and fit-for-purpose support functions to all businesses and this element of our organisational development has significant unrealised potential.

The biographies of the leaders of our principal businesses are set out on pages 70 and 71.

As outlined in the market growth section on pages 8 and 9, technology is a growing part of our Secure Solutions and Cash Solutions services.

In **Secure Solutions**, we continue to build our capabilities to design and deliver integrated security solutions – combining people and technology to offer our customers more efficient and valuable security solutions (see pages 24 to 27). Today we have more than £2.45 billion technology-related security revenues.

Our integrated approach to designing and delivering security solutions helps us to differentiate our value proposition in order to win, retain and grow contracts with key customers.

Our new Secure Solutions organisation will enable us to increase collaboration and co-ordination across all of our markets which, in turn, will enable us to rationalise and target our product and business development, improve global account development, harmonise marketing and transfer operational best practices more rapidly.

Our Care & Justice Services are concentrated in the UK & Australia where we have significant resource and capability to win and deliver complex public services. Our focus is on rigorous pre-bid evaluation of contracts and operational delivery. We expect the overall cash generation of these services to improve as certain legacy contracts expire over the next 18 to 24 months.

In our **Global Cash Solutions** division we have proven expertise in providing technology-enabled cash solutions and services that improve the control, ease of use and efficiency of our customers' cash management. In the United States we have established a market-leading position in the provision of cash management technology for large format retail stores. We believe that our proven cash management technology and our people provide G4S with a substantial opportunity to extend and grow new products and services across our global markets. At the end of 2017 G4S cash management technology was deployed at over 19,500 locations in North America, Europe, Asia Pacific and Africa, an increase of more than 30% over the prior year. We also made progress in improving productivity in a number of markets and we now have plans to apply these improvements across all of our cash solutions businesses.

I am confident that our new organisation will enable G4S to take full advantage of the exciting growth opportunities in our markets and to successfully execute our strategy.

Our CSR approach and contribution to society

As a global leader in security and related services, corporate social responsibility is very important to G4S and it forms a key part of our strategy. We are trusted to care for some of the world's most valuable assets and to ensure the safety, protection and welfare of people around the world, often in complex and demanding operating environments.

Conducting our business in a way which is ethically responsible, safe and consistent with the company's values and standards, is an essential element of our business model.

The Group is committed to sustainability and the core principles of the UN Global Compact are reflected in our policies, values and business activities today.

We recognise that business has an important role in the achievement of the UN Sustainable Development Goals. On page 18 of this report I've highlighted where G4S is helping to advance these goals and make a positive difference to society and communities around the world.

We expect all colleagues to uphold G4S' values in whatever role they play. In return, our commitment is to provide meaningful work, fair reward and the opportunity to develop. Our employees often work in inherently hazardous environments and we equip and train our employees to ensure they are as safe as possible.

We regularly ask stakeholders from inside and outside the company to provide input into an analysis of our material CSR issues to help set priorities. See page 83 for more information on the CSR materiality review that was undertaken in 2017.

Our CSR approach covers a broad range of areas, with three material priorities: health and safety, human rights and anti-bribery and corruption.

In June 2017, G4S was selected as a constituent company of the FTSE4Good Index, recognising our strong commitment to social responsibility and sustainable business practices.

£2.45bn
Technology-related security revenues in 2017

Zero harm
Is our health and safety goal

47%
Reduction in employee fatalities from 2016 to 2017

Culture – Embedding our values

Underpinning our culture are the Group's values which govern and guide the conduct of everyone at G4S

Employee-communication programme

Following the launch of our values in March 2016 we conducted an extensive employee engagement programme to raise awareness and deepen understanding of G4S' corporate values. We have developed a training programme for managers and our values are an essential part of induction and training for new employees. We are embedding our values into existing processes, governing all aspects of our business including sales, operations and performance management. Where actions are required – for example, an improvement in the safety performance of a particular business – leaders and managers will have specific objectives in order to make sure the actions are prioritised appropriately (see Key Performance Indicators page 32)

Speak Out

We continue to encourage colleagues to "Speak Out" if they are aware of behaviour which is not consistent with our values or policies. There are many ways in which colleagues can raise concerns, with supervisors or managers, with their local HR team or through the global, independent whistleblowing systems. Our case management system provides improved visibility of whistleblowing cases from across the Group, and provides vital information to our Group Ethics Steering Committee.

I believe that the conduct of the vast majority of our employees is consistent with our values and that this has been – and remains – the cornerstone of our customer service and commercial success. We know, however, that even isolated instances of poor conduct are unacceptable and can be very damaging. It is therefore important that we continue to promote good conduct and the use of Speak Out.

Health & Safety

The wellbeing and safety of our employees and those in our care remains a key priority for the Group executive and global leadership teams. We work in an inherently hazardous industry: we travel extensively and many of our colleagues are trained and deployed to protect our customers and their property. As a result, road-traffic accidents and criminal attacks are inherent risks we face in delivering some of our services. We have therefore invested in a sustained programme to strengthen our health and safety policies, practices and training performance across the Group with the aim of improving safety.

The number of road-traffic fatalities has decreased by 48% since 2013 when the first G4S road-safety programme was launched. There has also been a reduction in attack-related fatalities in our Cash Solutions businesses. However the number of armed attacks has not changed and so we continue to work with the relevant authorities to mitigate the elevated risk in some of our services. Sadly, during 2017 25 of our colleagues lost their lives in work-related accidents and attacks, compared with 47 fatalities in 2016.

Although we are pleased that there are clear signs of an overall cultural shift within G4S in our approach to safety we also know that there is more to do and our plans reflect this. We are firmly committed to improving our health and safety performance and our goal remains zero harm.

CUSTOMERS AND SERVICE EXCELLENCE

IMAGE REMOVED

In both Secure Solutions and Cash Solutions we have been investing in innovative products and service excellence, to grow the business with new contracts for new and existing customers, and to improve customer retention, which averages around 90%, reflecting our exit from some low-margin contracts and retaining some of the Group's largest contracts in 2017 as discussed in this report.

TECHNOLOGY AND INNOVATION

IMAGE REMOVED

Increasingly our customer offering includes technology in the form of systems and software. Technology-related security revenues were £2.45 billion (2016: £2.2 billion) in 2017.

Overall we won new business with an annual contract value of £1.4 billion and total contract value of £2.3 billion in 2017.

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

IMAGE REMOVED

In 2017, our operational excellence and productivity programmes delivered further benefits, providing the Group with the financial flexibility to invest in service and product development as well as improving the Group's adjusted profit before interest, tax and amortisation (Adjusted PBITA) from core businesses by 4.2% to £496 million.

With our more focused business designed around service delivery, there is further opportunity to streamline general and administrative processes and share resources to generate greater efficiency. The Secure Solutions, Global Cash Solutions and Care & Justice Services segments will share facilities, infrastructure and functional services. Our detailed plans will enable us to begin implementing changes and to realise the first phase of these benefits during 2018 and 2019.

One example of where we are introducing more streamlined processes is in our manned security business with a new lean-business process called "Javelin" (see page 29), which combines HR, operations, finance and back-office functions, and should ensure we schedule our people more efficiently and are able to reduce the time between when we do the work and when we bill for it, and provide accurate and timely management information to customers. Javelin was launched in Ireland in November 2017 and we will be commencing implementation in the UK during 2018.

>£1.4bn
Annual contract value of new *business won* in 2017

48%
Reduction in annual road fatalities since 2013

IMAGE REMOVED

FINANCIAL AND COMMERCIAL DISCIPLINE

The new capital and contract processes we introduced in 2013 are helping us to apply capital with greater consistency and rigour. Strengthening our working capital management was also a priority for our finance and line management in 2017 and we have maintained the increased weighting of operating cash flow in our annual incentive plans. I am pleased to report that at 31 December 2017, our net debt to Adjusted EBITDA had reduced to 2.4x, down from 2.8x at the end of 2016.

Portfolio programme

The portfolio programme we announced in 2013 has materially improved our strategic focus and the programme is substantially complete. Since 2013 we have divested 41 businesses (with annual revenues of c.£1.3 billion and Adjusted PBITA of £46 million), realising gross proceeds of approximately £520 million. In 2017 we closed four businesses and sold a further nine, realising gross proceeds of £166 million.

Performance

Statutory results

Revenue growth was 3.1% and earnings per share rose by 18.8%. A more detailed review of the statutory results can be found on page 38, and a reconciliation to results from core businesses is provided on page 44.

Core business performance

Supported by the continuous investment in sales and business development resource and new technology-enabled services, revenues rose by 3.2% to £7.4 billion. Consistent with the commercial practice we adopted several years ago, we have continued to be very disciplined on contract bidding and, whilst this constrained revenue growth in some markets, it underpins sustained profitable growth. The combination of growing revenues and improved productivity saw the Group's adjusted earnings per share rise by 5.9% to 17.9 pence per share. In 2017 the Group generated operating cash flow of 106% of Adjusted PBITA (2016: 133%).

Net debt

Growth in profits and robust cash flow generation, together with net disposal proceeds of £156 million, helped reduce the Group's net debt to Adjusted EBITDA to 2.4x (2016: 2.8x) in line with our plans.

Market Environment

The global demand outlook for security services remains positive as we outline in more detail on pages 8 and 9. We expect this positive demand to continue around the world in 2018 with the possible exception of the Middle East where the effect of prevailing fiscal and macro-economic conditions remains uncertain.

In the UK & Ireland region, the Brexit negotiations have created some uncertainty around UK GDP growth, but, in this market, we believe G4S is a defensive business, with a number of long-term contracts. We continue to invest in innovative products and services for customers to drive growth in the region.

Outlook

The outlook for the Group is positive. G4S' strong market positions, growing technology-enabled revenues, positive cash generation, commercial discipline and on-going productivity programmes provide substantial confidence that the Group is very well positioned to deliver a strong performance over the next three years. To realise this potential G4S is investing in:

- *Sales, technology and new products, services and solutions to support our aim of growing revenues from core businesses by an average of 4-6% per annum.*
- *Restructuring and efficiency programmes to deliver recurring operating gains of £70 million to £80 million by 2020, through efficient organisation design and leaner processes. Additional refinancing gains of around £20 million are also anticipated by 2020. A portion of these gains will be re-invested in growth, with the majority expected to benefit the bottom line.*

We intend to remain soundly financed with average operating cash flow conversion of more than 100% of Adjusted PBITA and a net debt to Adjusted EBITDA ratio of less than 2.5x. Priorities for excess cash will be *investment, dividends and, in the near term, further* leverage reduction.

Following the achievement of the Group's leverage-reduction target, the directors propose a 5% increase in the final dividend to 6.11p (DKK 0.5097) reflecting the board's confidence in the Group's performance and prospects. Our policy is to increase the dividend in line with the long-term growth in earnings.

Our customers and our colleagues are at the core of G4S and, in closing, I would like to thank our customers for placing their trust in G4S and to pay tribute to our 570,000 colleagues who serve our customers every day.

Watch our 2017 results and 2018 outlook online at www.g4s.com/investors

Ashley Almanza
Group Chief Executive Officer

IMAGE REMOVED

See page 44 for the basis of results of core businesses and an explanation of Alternative Performance measures is on page 35

MEETING THE DEMAND

IMAGE REMOVED

The world continues to face a series of divergent and emerging threats. Governments and companies require holistic approaches to ensure the security of their people and assets both at home and abroad.

Third-party commentators such as Freedonia expect the global security industry to grow 5-6% per annum from 2015 to 2025 (see chart on page 9). With our global footprint and attractive array of products and services we are well positioned to meet this increased demand.

MARKET-GROWTH DRIVERS

SECURE SOLUTIONS

Demand for security is increasing across the globe

The evolving nature of terrorism, which continues to threaten societies, has elevated security risks and concerns in many parts of the world.

Intense price-based competition in basic manned security and basic equipment installations

Barriers to entry in basic manned security and basic equipment installations are low, which can result in intense competition in some markets.

Companies like G4S are therefore looking for ways to increase differentiation such as global breadth or technology and productivity improvement to offset price pressure.

Customers buying processes increasingly complex

The increasing use of technology, globalisation and the growing threat of cyber security breaches mean that the procurement of security services has moved away from operations to a more strategic role in an increasing number of customers' organisations. The global market for security systems integration is estimated to be $80bn by 2021[a].

Technology reshaping security industry

Whilst labour costs have increased or are increasing, particularly in developed markets, the cost of sophisticated security technology is reducing. Combined with the additional data and assurance that comes with technology, it is starting to reshape the security industry.

CASH SOLUTIONS

Global cash-usage trends

According to third party research firm RBR London, cash withdrawn from automated teller machines (ATMs) between 2016 and 2021 is expected to grow by more than 6% per annum in emerging markets and between 0 to 1% per annum in developed markets.

Network consolidation

With lower cash volumes in some markets together with new higher value added services partly cannibalising traditional cash-in-transit services, it is likely that some, if not all cash markets will experience network consolidation. A number of industry participants have publicly stated that they are looking to make acquisitions, and we have sold some cash businesses to focus on our key markets with stronger growth potential. We believe this market consolidation will help network efficiency and lower the cost of cash handling.

Retail opportunities

In many markets, retailers operate in very competitive environments and are looking to reduce costs including cash handling and to free up idle cash sitting in tills, safes, vehicles and cash-processing centres.

G4S software and service enhanced smart safes and cash recycling services can reduce shrinkage costs for retailers and eliminate or reduce the space required for a cash back office and cash reconciliation teams.

Through recycling the majority of cash takings in store, the number of cash-in-transit journeys can be reduced by 40% to 60%[b] – with both cost-saving and environmental benefits.

As more cash is recycled in store, less cash is being processed by the banks so the retailers achieve a reduction in banking fees.

a. Source: Security Systems Integration Report, IHS Markit 2017

b. Source: company research and 3rd party data including RBR, Planet Euromonitor International, World Retail Data and Statistics

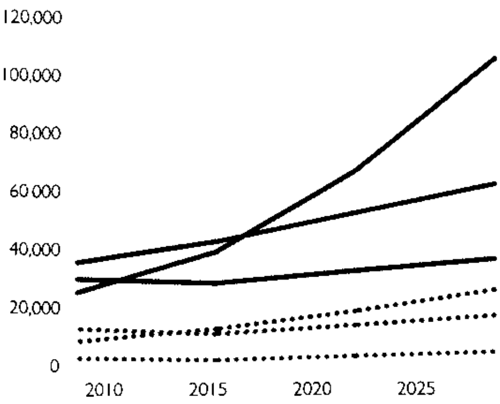
HOW G4S RESPONDS

Supplier consolidation

In certain markets (both Manned Services and Systems) we have seen *some market consolidation and* trends whereby large competitors aim to provide multi-service bundled and integrated solutions.

Some competitors have followed this trend to differentiate away from the commoditised manned security market. We believe this may be helping customers move to more technology-focused solutions. Technology-enabled solutions is a less commoditised market than traditional manned security markets with a lower number of capable suppliers.

Global security market by region ($m)



— Asia Pacific	— North America
— Western Europe	····· Africa & Middle East
····· Latin America	····· Eastern Europe

Source: Freedonia World Security Services report January 2017 excluding residential security

- We assist customers in evaluating and understanding security trends and their risks through experience in the market and the provision of software tools such as Risk360 and TravelAware. Key trends are featured in G4S Risk Consulting publications
- G4S has been investing in productivity programmes to be more efficient and cost competitive (see page 29)
- G4S designs, builds, operates and maintains integrated security solutions. We invest in technology and innovation which is changing our sales mix, helping deliver service excellence to customers (see pages 24 to 28)

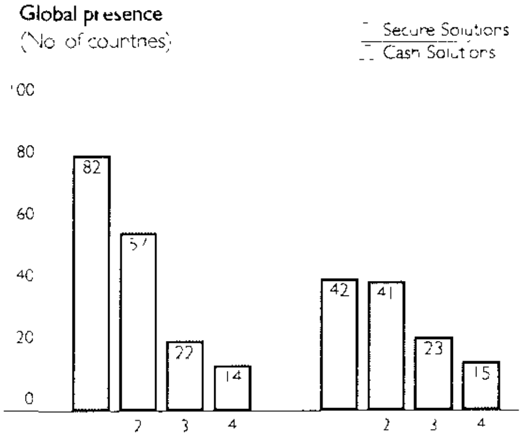
Our new products are being adopted by banks and some of the world's leading retailers and we expect this market will continue to grow strongly. Industry research data indicates that our addressable market for smart safes and recycling solutions is around £20bn-25bn per annum[b]

Automated processes inside bank branches

Banks and financial institutions are also under pressure to be more efficient, lower the cost of handling cash, reduce their branch network whilst maintaining customer access and service.

We have been developing integrated technology to address these areas. They combine hardware, proprietary cash-management software, real-time banking integration, same day credit and customer service and support.

Global presence
(No. of countries)



Secure Solutions		Cash Solutions	
1 G4S	82	1 G4S	42
2 Securitas	57	2 Brinks	41
3 Garda	22	3 Loomis	23
4 Prosegur	14	4 Prosegur	15

- We provide cash solutions and services that materially improve the control and efficiency of our customers' cash handling. We continue to invest in innovative products and services such as CASH360, Deposita and bank-branch automation
- With the significant progress made in some areas of the business, we have an enormous opportunity to extend and grow our new technology and services right across our global markets
- At the end of December 2017 we had over 19,300 (2016: 14,600) cash technology installations deployed in North America, Europe, Asia Pacific and Africa
- We have also made great progress in improving productivity in a number of markets and we now have the opportunity to apply these improvements across all of our cash businesses

OUR BUSINESS MODEL TO SECURE YOUR WORLD

WHY G4S

GLOBAL FOOTPRINT

90 countries

We provide a broad range of products and services across more than 90 countries. This breadth provides us with a strong understanding and clear visibility of how security trends are evolving across the world. This insight is invaluable for positioning our solutions to address customer needs.

DEEP UNDERSTANDING

100 years' heritage

We support our knowledge of global security trends with a deep understanding of our customers' unique needs. We have a strong heritage of more than 100 years in the security industry, helping to distinguish positively the G4S brand in our key markets around the world. Our dedicated segment experts, involvement in industry bodies and academic institutions, strategic customer relationships and customer-service feedback mean that we can tailor our solutions to offer maximum value to our diverse customer base.

SECURITY PROFESSIONALS AND EXPERTISE

570,000 colleagues

We recruit, screen and deploy over 150,000 new colleagues each year. We have around 570,000 colleagues, whose unique skills and shared values are focused on delivering high-quality service to our many thousands of customers.

TECHNOLOGY AND INNOVATION

£2.45bn technology-related security revenue

We continue to invest in technology to meet the growing demand for integrated solutions – which combine consultation, technology (hardware and software), installation, staffing and maintenance – and to drive the development of innovative new solutions for customers.

CUSTOMER SERVICE

c150,000 customers

Service excellence is one of our core values and an area in which we continue to invest significantly. In the past three years, we have focused in particular on our capability, processes and performance measures to drive growth, customer retention and customer satisfaction.

OUR APPROACH

In order to grow our provision of security and related services, we use our unique industry and customer *insight to deliver services that are innovative, efficient,* effective and integrated.

1. ASSESS

2. DESIGN

IMAGE REMOVED

Security and risk consulting

We combine our understanding of our customers' businesses and objectives with our security expertise to assess their security risks and requirements.

Increasingly using data analytics, we are able to identify and mitigate security threats (contextual, criminal or business) and challenges on a local, regional and global basis.

Risk consulting allows us to be seen as a trusted senior adviser to customers, providing insight and added value.

Solutions design

We employ our growing resource and capability to design solutions to meet our customers' requirements, protecting and adding value to their organisation. This may involve a single service, bundled services (two or more services including facilities services in selective markets), or an integrated security solution from the G4S portfolio.

Watch our animated business model on-line at www.g4s.com/investors

IMAGE REMOVED

3. BUILD AND INTEGRATE

4. MANAGE

IMAGE REMOVED

G4S Solutions portfolio

In some markets, we are seeing a move towards integrated solutions where security or cash-management technology are delivered under one integrated solution

We use both third-party technology as well as our own world-class proprietary technology in areas such as visitor management, identity and credentials management, access control, integrated video systems and risk-management software

Global security operations centres (GSOC)

G4S designs, builds and manages global security operations centres (GSOC) for customers, both on a standalone basis and as part of an integrated offering The GSOC receives, analyses and responds to all the security intelligence and data for a customer Customers may award these activities to a G4S GSOC in order to obtain network benefits and access our security expertise

STAKEHOLDER VALUE CREATED

SOCIETY

G4S delivers a broad range of social and economic benefits to the communities in which we work, many of which are helping to realise the United Nations Sustainable Development Goals (see page 18)

CUSTOMERS

£2.5bn

Total contract value of new business won in 2017

SHAREHOLDERS

5.9%

Growth in Adjusted EPS from core businesses in 2017 to 17 9p

EMPLOYEES

570,000

People employed by G4S around the world

SUPPLIERS

55,000

Suppliers provide services and products to G4S around the world

Please see pages 12 to 34 for more details

ENGAGING WITH OUR STAKEHOLDERS

Our key stakeholders are those who most materially impact our strategy, or are directly impacted by it. Engagement with stakeholders is essential for us, as a security business, with our role in society, the global nature of our business and substantial workforce.

	Key stakeholders	How we engage
SOCIETY IMAGE REMOVED	Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure.	• Operations which promote secure and stable communities • CSR Materiality Review with key stakeholders (see page 83) • Community-engagement programmes • Tax and economic contributions • Government relationships and parliamentary engagement • NGO and UN agency engagement • Industry forums
CUSTOMERS IMAGE REMOVED	Through understanding our customers' needs we can offer value-added, innovative, cost-effective security solutions and build enduring relationships	• Relationship management • c150,000 customers • Bidding processes • Customer service • Net promoter score
SHAREHOLDERS IMAGE REMOVED	The company actively seeks to engage with shareholders on a regular basis.	• One-on-one meetings between management and shareholders • Group investor meetings hosted by management • Results announcements and trading updates • Participation in investor relations association and best practice events • Annual governance meetings with the Chairman • CSR updates with the Chair of the CSR committee • Annual General Meeting
EMPLOYEES IMAGE REMOVED	With around 570,000 colleagues, G4S is one of the world's largest private sector employers. Our success is underpinned by the way we lead and engage with our people.	• HR core standards set the framework for employee engagement • On-boarding, induction and refresher training • Biennial global all-employee and senior management engagement surveys • Works councils and employee representative forums, including through UNI the global union, with whom G4S signed a global Ethical Employment Partnership in 2008 • Newsletters, videos, employee self-service portals, and intranets • Specific campaigns on health & safety, values and Speak Out whistleblowing arrangements • Values recognition schemes
SUPPLIERS IMAGE REMOVED	We have a responsible purchasing policy consistent with our business ethics.	• 55,000 suppliers • Contract and relationship management • Supplier Code of Conduct • Purchase to Pay process

Understanding stakeholders' interests helps us define our strategic priorities and guide our initiatives. We run a formal exercise every two years to identify and prioritise our material CSR issues (see page 83).

Key areas of interest	Our response and KPIs

• People and Values
• Ethical and sustainable business practice, including
  • Health & safety
  • Human rights
  • Anti-bribery & Corruption
• Employee standards and behaviour
	• Slavery and Human Trafficking Statement
	• UN Global Compact Communication on Progress
	• Global employee-engagement survey (see page 19)
	• Engagement with Parliamentary committees
	• Industry forums including International Security Ligue, British Security Industry Association, Confederation of British Industry
	• MP surveys and site visits, especially to detention facilities

• Quality and price of service • Expertise • Innovation • Health & safety • Business ethics	• 3.2% revenue growth from core businesses in 2017 • Customer retention is on average around 90% • 24,000 customers surveyed using net promoter score in 2017, with improvement in most regions • Feedback from unsuccessful contract bids
• Financial performance • Strategic direction and coherence • Governance and risk management	• CEO and CFO met with shareholders representing over 65% of the share register and 205 institutions (see page 79 for more information) • 3.2% revenue growth from core businesses in 2017 • 5.7% adjusted earnings growth from core businesses in 2017 • £527 million operating cash flow from core businesses in 2017 • Final dividend increased 5% in 2017
• Company performance and plans • Compensation and benefits • Training and career development • Health & safety • Values, CSR and recognition	• Feedback from 428,000 employees in 2017 • Access to survey extended through mobile technology and number of languages available • Increase in overall favourable responses from 82% (2015) to 84% (2017) • Feedback from consultation committees and works councils • Nominations for employee recognition awards • Reduction in staff turnover from 27.6% in 2016 to 25.3% in 2017 • Fatalities, serious injuries and road traffic incidents down around 30-40% since focus was applied and investment was made in these areas
• Supplier performance - service delivery and product quality • Payment terms • SME engagement	• Rationalised suppliers • Commitment to the UK Prompt Payment Code • Member of the UK Government Contract Finder portal to promote use of SME businesses

Links to policies and case studies:

- Business Ethics Policy g4s.com/ethicspolicy
- Environmental Policy g4s.com/environmentalpolicy
- Ethical Employment Partnership g4s.com/EEP
- Human Rights Policy g4s.com/humanrightspolicy
- HR core standards g4s.com/hrstandards
- Slavery and Human Trafficking Statement g4s.com/modernslavery
- Supplier Code of Conduct g4s.com/suppliercode
- Tax Strategy g4s.com/taxstrategy
- Whistleblowing Policy g4s.com/whistleblowingpolicy
- Business for Peace Case Study g4s.com/b4p

Please see examples online on g4s.com

Link to strategy

- People and values
- Customers and service excellence
- Technology and innovation
- Operational excellence and productivity
- Financial and commercial discipline

Please see page 12 to 15 for more details

Our strategy

STRATEGY AND PERFORMANCE OVERVIEW

Our strategy addresses the positive, long-term demand for security and related services and our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders.

This section summarises our strategic priorities and how we focus our resources and expertise in areas where we can achieve the best results for customers and sustainable growth and return for investors. Our CSR approach covers a broad range of areas, but we have three material priorities: Health and safety, Human rights and Anti-bribery and corruption which are covered in the People and Values section.

IMAGE REMOVED

PEOPLE AND VALUES

We recruit, develop and deploy the best people in our industry

IMAGE REMOVED

CUSTOMERS AND SERVICE EXCELLENCE

We build long-term customer relationships based upon trust and understanding of our customers' businesses and objectives

	People and values	Customers and service excellence
Strategic priorities Watch our 2017 results and 2018 outlook online at www.g4s.com/investors IMAGE REMOVED	• Attracting and retaining the best people • Creating the right culture • Defining our societal impact • Building capability • Engaging for success • Promoting the right organisational culture • Improving health and safety • Respecting human rights	• Positive demand for security services • Large diversified customer base and sales pipeline • Investment in sales leadership and account management • Net promoter score and contract retention
Key risks See Principal risks pages 62 to 65	• Our trained and skilled people are hired by competitors or other companies or do not behave in line with the Group's values, resulting in a negative impact on customer service or those in our care • Negative impacts on our employees' health and safety	• Failure to understand customers' changing needs or falling short of customer expectations
KPI See page 32 onwards for more detail and the progress in our key performance indicators The following pages highlight some of the Group's financial and non-financial KPIs and how they link to the Group's strategic priorities. For more detail see page 33	**47%** Reduction in fatalities from 2016 to 2017	**£1.4bn** Annual contract value of substantial new business won

CORPORATE CULTURE BASED ON GROUP VALUES AND...

IMAGE REMOVED

TECHNOLOGY AND INNOVATION

We design, market and deliver innovative, industry-leading technology and services that protect and add value for our customers wherever they operate

- Well-positioned for trends towards more technology with disciplined capital allocation
- Secure Solutions – integrated security
- Investing in world-leading proprietary products and services
- Cash Solutions – Bank and Retail cash technology

- Failure to market or deliver our services and technology effectively or failure to deliver adequate value for money

30%

Growth in cash management technology locations in 2017

IMAGE REMOVED

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

We have secure, safe, reliable and efficient operations

- More focused business – cultural change
- Reinvesting for growth
- Productivity programmes – good progress but more to do
- Efficient organisation design and management de-layering
- Procurement and property
- Operational excellence
- IT-enabled lean processes

- Failure to comply with our standards results in harm, loss of expertise or investment fails to deliver benefit

4.2%

Increase in Adjusted PBITA from core businesses in 2017

IMAGE REMOVED

FINANCIAL AND COMMERCIAL DISCIPLINE

We manage risk effectively and ensure we provide profitable, cash-generative services

- Contract risk management
- Portfolio management
- Operating cash flow
- Strengthening collections performance
- Managing accounts payable
- Capital allocation
- Changing behaviours

- Inefficient capital management and failure to comply with Group risk management standards

2.4x

Net debt/Adjusted EBITDA at December 2017 in line with our target set in 2016

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY UNDERPIN THE STRATEGY

PEOPLE AND VALUES

IMAGE REMOVED

With around 570,000 people, G4S is one of the world's largest private sector employers. Our employees and services touch the lives of others every day, providing crucial services to keep them safe and secure. Our success is therefore underpinned by the way we attract, develop and engage with our people, as well as the culture and values that shape the way we work and how our colleagues carry out their roles.

2017 ACHIEVEMENTS

KPI	KPI	KPI
8.3%	**428,000**	**37%**
Reduction in voluntary employee turnover to 25 3% in 2017 (2016 27 6%)	Employees responded to our global engagement survey	Reduction in serious H&S incidents since 2015 in high priority businesses

Attracting and retaining the best people

Attracting and retaining the best people continues to give G4S a competitive advantage as well as ensuring we deliver the best results for our customers For our senior population, we know from our management survey that the most important factor influencing their decision to join and then to stay at G4S is the nature of the roles and the responsibilities on offer Our global footprint and operations across a range of product and service lines helps make the business attractive to the best candidates Once appointed, the responsibility, complexity and opportunities for innovation help retain our senior people and keep them motivated

For other levels in the organisation, we have developed two toolkits which help us attract and retain colleagues by utilising our expertise and sharing resources across the Group The first relates to recruitment and is designed to ensure potential candidates for jobs with G4S have a positive recruitment experience while going through an efficient and effective hiring process The second provides guidance on good retention practices Both toolkits are online and contain templates that are easy to follow and adopt They emphasise the importance of ensuring applicants know what will be expected before they apply, and if they do join G4S there are robust processes in place to welcome, induct, train and support them Feedback from our most recent global employee survey suggests that our employees feel well equipped to perform their role, with over 90% of respondents stating they understand their job procedures Often employee turnover is at its highest in the initial months after appointment, which suggests there is still more to do to retain our newest colleagues

In order to build our reputation as a good employer and attract candidates from the widest talent pools,

CREATING THE RIGHT CULTURE

The G4S values are embedded in the standards, policies and guidance which we set out to help employees and managers perform.

To help our front-line operational employees understand the behaviours we expect, and the decisions they should take in line with our values, we have launched a range of learning and awareness materials. These materials include an animated video, scenario-based flashcards, presentations and an online exercise. The materials draw on over 90 scenarios from all product and service lines and are designed to promote discussion and to guide behaviour in line with our values. They address topics like harassment, bribery and corruption, the care and treatment of others, breaches of health and safety rules and inappropriate use of social media. To ensure these materials remain relevant we will continue to add different scenarios whenever new values-based operational situations are identified which can help guide our employees.

Work is now underway on values training materials for our managers, using our newly revised competency framework. In line with our values, this refreshed framework defines leadership and management behaviours in terms of how managers *should act today, plan for tomorrow, and build* relationships. The framework is used in our selection processes as well as our 360 degree review process to assess performance and future potential. It enables us

countries and regions adopt different approaches to diversity, reaching out to recruit from under-represented groups in their businesses. In North America, the recruitment of veterans who bring relevant skills and an inherent understanding of security risks continues, whilst in the UK our businesses are some of the few in the security sector to have been awarded Disability Confident level 2 status as a result of their commitment to identify and remove barriers which impact on the employment of people with disabilities.

Overall employee retention continues to improve with voluntary employee turnover reducing to 25.3% (2016: 27.6%) as closer scrutiny and the implementation of good retention practices help us improve performance even in tight labour markets. This is good for service to our customers, who appreciate working with staff who know them better and have more experience. While our employee headcount has reduced from 585,000 to 570,000 as a result of our portfolio management programme and our drive to improve organisational efficiency, wherever possible we redeploy people and retain their skills and knowledge. For our front-line employees, the launch of a new values related global recognition programme will add a further opportunity to showcase the amazing work they do for our customers each and every day. Ensuring we celebrate success, and share information about the ways in which our employees behave in line with our values, not only helps to bring our values to life but also promotes the expertise and capabilities of our people.

In March 2018, we published our UK Gender Pay Gap Report for the relevant UK businesses. As well as explaining the reasons for any gaps, the report also sets out the actions we are taking to achieve the progress required as part of our wider diversity and inclusion strategy.

to gather insight into what colleagues have achieved as well as whether they have done so in a way which is consistent with our values.

While having a common set of values helps set G4S apart from the competition, as a global employer we also appreciate that having a diverse workforce enables us to better understand our differing customer needs, and harnessing this diversity is critical to driving innovation. Feedback from our latest global employee survey indicates that 84% of employees who responded believe that the company values people from different backgrounds, and in 2018 we will continue our focus on diversity to ensure we maximise the benefits it brings.

OUR VALUES

Our values are the standards we set for ourselves and they are reflected in the culture of our organisation through our behaviours and actions.

We act with…

INTEGRITY
AND **RESPECT**

We are passionate about…

SAFETY, SECURITY AND
SERVICE EXCELLENCE

We achieve this through…

INNOVATION
AND **TEAMWORK**

Integrity and Respect

Our business activities and relationships are built on trust, honesty and openness. We deliver on the promises we make and treat our colleagues, customers and those in our care with the utmost respect.

Safety, Security and Service Excellence

We work in a safe way and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customers' most valuable assets. We are passionate about delivering high levels of customer service.

Innovation and Teamwork

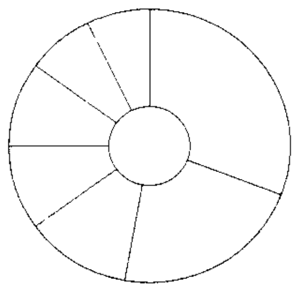
We invest in technology and best practice to improve continually our service offering. We challenge ourselves to find new ways of helping our customers.

We work together as a team to achieve the best results for our customers and our business. Everyone has a valid opinion and their contribution is valued.

IMAGE REMOVED

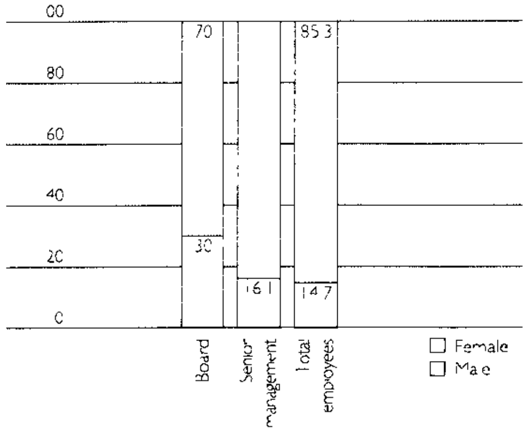
PEOPLE AND VALUES

Employees by location as at 31 December 2017 (%)



Middle East & India	31%
Africa	22%
Latin America	12%
Asia Pacific	10%
North America	10%
Europe	8%
UK & Ireland	7%

Employee gender diversity in 2017 (%)



Wage inflation

In a number of markets especially developed regions such as North America and the UK, economic indicators have highlighted an increase in wage inflation – as a result of tightening labour markets in some areas and as a result of increases in minimum or living wages. As a long-established global employer, G4S has many years of experience of managing periods of wage inflation. We have to be prepared to negotiate price increases with customers and to look for ways to continue to be more productive and cost effective. For example, we believe this trend is helping to drive more revenue towards integrated solutions, where G4S has a competitive advantage and barriers to entry are higher.

Building capability

Building industry-leading capability is at the heart of our people strategy. We want employees at G4S to have the opportunity to flourish and grow, so that they can contribute to the future success of the organisation. There are many examples of local development programmes which enhance the security and technology expertise in our organisation.

For example, in 2017 the G4S Academy was launched in Denmark and has provided a structured approach to skills development and accreditation in line with industry standards.

DEFINING OUR SOCIETAL IMPACT

We play an important role in society. Through its services and organisation, G4S delivers a broad range of significant and far-reaching social and economic benefits to the communities in which we work, many of which are helping to realise the United Nations Sustainable Development Goals (SDGs).

- **We create employment opportunities, and invest in and develop our employees. We directly benefit them and our suppliers through the salaries, benefits and payments we make for goods and services.**
- **In our Care & Justice operations, we develop innovative programmes to rehabilitate offenders and provide them with the encouragement and skills needed to help them rebuild their lives once released.**
- **We deliver a wide range of specialist security services that mitigate the risk or impact of criminal behaviour and help to create safer and more stable communities.**
- **Our colleagues work with governments and non-governmental organisations in high-risk environments such as former conflict areas, to support humanitarian, stabilisation and economic-reconstruction efforts.**
- **Our focus on safety has helped reduce the risk of injury and fatality**
- **We encourage industry standards to be raised. By embedding our policies and practices into less developed regions, as well as by supporting new approaches such as the Ethical Employment Partnership or the International Code of Conduct for Private Security Providers, we have helped to improve industry standards around the world.**

The SDGs call upon businesses to advance sustainable development through the investments they make, the solutions they develop, and the practices they adopt. In this report, we have mapped case studies against the SDGs to highlight where G4S is helping to advance the SDGs through our programmes and operations.

Visit sustainabledevelopment.un.org for more information on the United Nations Sustainable Development Goals.

Regional Leadership Programme

On a Group-wide basis, our efforts are focused on developing the next generation of leaders, primarily through our flagship Regional Leadership Programme which is devised centrally but delivered locally so that it is tailored to meet our diverse needs. The Programme offers high-potential individuals, in a range of line, functional and business-development roles, the opportunity to enhance their knowledge and strengthen their leadership skills. So far 90 employees have graduated from the programme, and a further 59 are already on course to do so in 2018.

Talent reviews

Annual talent reviews and quarterly talent exchange discussions are helping to identify potential candidates for future regional programmes early and are ensuring career opportunities are more widely available to employees across the Group.

Broadening use of training and development materials

Whilst our investment in training and development has to be highly focused, we are doing more to promote the use of materials we already have available to build wider capability across the entire management population. For example, in 2017 we launched a 16-week development programme containing relevant materials such as articles, assessments, online exercises and e-books relating to a number of specific topics such as change management, delegation and coaching skills. The programme is currently running, with thousands of employees subscribing. As learning technology evolves, our ability to provide access to materials in a more flexible and bite-sized way, to suit our busy managers, is increasing. For example, for specific functions like Sales and Business Development, we are establishing on-line academies which will help employees identify their own development gaps and navigate the materials available to find those best suited to meet their needs.

Recruiting and developing women

Recruiting and developing women into line-management roles for our operations remains a challenge across the Group as well as the security industry as a whole. We actively monitor our gender balance and were pleased that in 2017 an independent business-led review supported by UK Government (the Hampton-Alexander Review) showed G4S as the top performing company in the business services sector in the FTSE 100. There is more to do in this area and as part of our wider diversity and inclusion strategy we have identified a number of actions to help us to continue to make progress.

Engaging for success

We are in no doubt that having well-trained, engaged and motivated employees helps us to deliver for our customers and make G4S a success. Consequently we invest a lot of time and effort in listening to our employees' views and responding to their feedback. We do this in a variety of ways including direct dialogue, consultation forums and our employee survey.

To ensure the survey is accessible to all employees, it is offered in over 40 languages and three formats (paper, online and mobile). Engagement levels for senior managers were also tested in a separate survey targeted at the leadership team. Response rates for both surveys remained high in 2017. In the case of the global engagement survey in 2017 the response rate at 73% was at the same level as 2015 and for the leadership survey was higher at 87%, compared with 85% in 2015. Feedback from the global survey helps identify what businesses need to stop doing, start doing and continue to do to improve levels of employee engagement.

The feedback from the management survey showed improvements in almost every area, suggesting high levels of confidence and support for the business strategy, our values and the executive team.

73%

Response rate to the biennial employee engagement survey undertaken in 2017

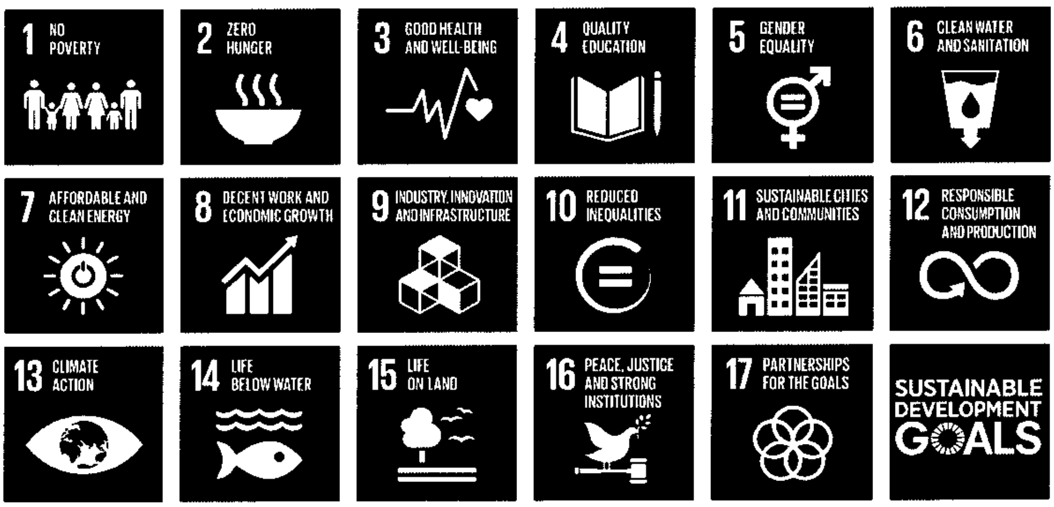
84%

Favourable response rating from the global employee engagement survey

90

graduates from the regional leadership programme which continues in 2018

SUSTAINABLE DEVELOPMENT GOALS



PEOPLE AND VALUES

Union representation

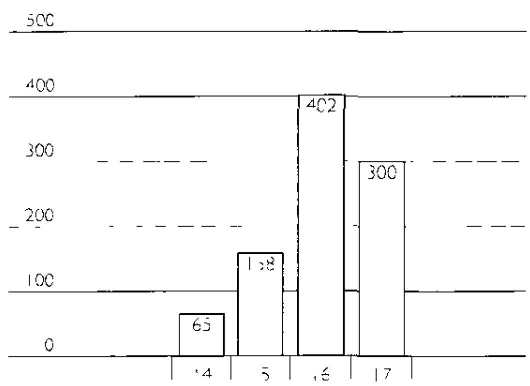
Our union and employee representative forums at global level are via the global union UNI, and the GMB, with whom we signed an Ethical Employment Partnership in 2008. At a European level we have a well-established European Works Council and at a local level there are a number of union recognition agreements in place. Working together with our recognised unions helps us raise standards both internally and, where appropriate, across the wider industry and identify potential problems early and address them constructively.

Promoting the right organisational culture

During 2017, 300 cases were raised by colleagues via Speak Out, our global whistleblowing system. This was 25% fewer than the previous year but detailed analysis shows that employee grievances are being reported and handled more effectively via other channels. We believe it is very important that employees feel confident to speak out confidentially to ensure standards are met to protect people. All cases reported to Speak Out are reviewed and are directed to the most appropriate channel for action.

The majority of matters raised via Speak Out are grievances which are transferred to the relevant HR department, as they are best placed to investigate and resolve the matter promptly. Concerns regarding operational procedures are investigated by local management to ensure that relevant standards are being followed.

Total number of whistle blowing cases



Anti-bribery and corruption

Investigations relating to other matters, such as bribery, ethical or financial issues, are conducted by our internal network of investigators or by independent experts.

Matters of a serious nature are investigated at a senior and independent level, with 59 investigations completed during 2017.

The Group Ethics Steering committee has continued to oversee implementation of our whistleblowing policy, case management of whistleblowing reports, and to conduct regular reviews of serious cases, the investigations' progress and the resulting actions.

SPEAK OUT

Values	Integrity and Respect
	Safety, Security and Service Excellence
SDGs	IMAGE REMOVED

Every G4S employee has a responsibility to ensure that we uphold our core values, adhere to the law and deliver against the important commitments set out in our business ethics policy and ethics code.

Speak Out, our global whistleblowing system, is a key method of ensuring that we maintain a high standard of ethics, respect and integrity.

Speak Out is hosted by an independent specialist hotline and case management provider. It enables every employee to report concerns that they may have about the behaviour of individuals, or the business operations, which they feel contravene the ethics code or our core values. We encourage any employee who wishes to raise a matter of ethical concern to contact the free telephone hotline or make a report online. Both channels are available 24 hours a day, seven days a week, and are completely confidential.

Improving health and safety

The safety of our employees and those in our care is one of our key priorities.

To enable us to keep our customers and the communities we serve safe, we must prioritise the safety as well as the health and wellbeing of our employees. It is our responsibility to ensure that our colleagues return home from work safely every day.

The nature of our work and the environments we operate in mean that safety and security present a strategic risk to our business. We believe that setting the highest standards for health and safety across our industry helps keep our colleagues safe and builds loyalty and commitment to G4S among our employees. Leading by example and having expertise in health and safety gives employees, customers and stakeholders confidence that we will work in a safe way.

We recognise that our businesses operate in different contexts and face varying levels of risk. All businesses within the Group are required to meet a set of core health and safety standards. We must make sure that we are constantly learning and continuously enhancing our processes, in order to continue to keep colleagues safe despite a changing environment.

Compliance is monitored via audits and reviews of performance at regional, group and board level via the CSR committee. Health and safety is included in Group Internal Audit's scope as part of non-financial risks.

During 2017 we have:

- Continued to improve the performance of businesses which have had multiple fatalities. Serious incidents have reduced by 37% in these businesses since 2015
- Introduced a reporting and tracking process for those incidents which have the potential to result in a fatality, and increased the coverage of our injury reporting to 98% of businesses
- Reviewed our front-line health and safety induction training and drafted a mandatory syllabus
- Revised the G4S Golden Rules of Safety

Sadly, during 2017, 25 of our colleagues lost their lives in work-related accidents. On a comparative basis this is a reduction from 47 fatalities in 2016. The number of road-traffic fatalities has decreased by 48% since 2013, when the first road-safety programme was launched.

While the number of attack-related fatalities decreased in our Cash Solutions businesses, this has not been due to a reduction in the number of armed attacks. The businesses continue to work with the relevant authorities to introduce new procedures and improved controls.

During 2017 the Group's lost time injury incidence rate was 6.7 per 1,000 employees (98% of businesses reporting). This compares with a rate of 7.7 in 2016 (96% of business reporting).

There were three non-natural deaths in custody in 2017. All deaths in custody are investigated by the relevant authorities to determine the cause of death. One of the incidents was due to self harm. Pronouncements will be made by the relevant coroner on the two remaining incidents following their investigations. In 2016, we disclosed a death in custody which was later pronounced as due to unintentional drug overdose by the coroner.

Respecting human rights

We are proud of our role in society and of the positive contribution we make to the realisation of human rights through the range of services we offer and the standards which we apply.

However, we also recognise that we have a duty to ensure that we are not at risk of violating human rights through the services we provide, the customers we work with, the suppliers we use, or through the treatment of our own employees and others who are in our care.

G4S' human rights policy and its related framework are based upon the UN Guiding Principles on Business and Human Rights. Alongside our values of Integrity and Respect, the framework reinforces the continued development of a business model which aids the realisation of the Sustainable Development Goals through the improvement of industry standards, employment opportunities and helping to create secure and stable communities.

By having clear values and standards, and educating and training colleagues to uphold them, we are creating a positive culture which means our colleagues can be trusted to do the right thing and behave in a way which meets our standards. In cases where colleagues are deemed not to have upheld those standards, we undertake swift, thorough and impartial investigations into the causes of such behaviour and take appropriate action to remedy them. In addition to this resulting in consequences for the individual or individuals concerned, we learn from such instances and enhance our safeguards to prevent similar issues arising in the future.

6.7
Per 1,000 employees lost time injury incidence in 2017

65
Human rights self assessments completed in 2017

PEOPLE AND VALUES

G4S ACADEMY

Values Innovation and Teamwork

G4S Academy is a recently-launched initiative within G4S Denmark, focused on creating an intelligent culture that can embrace and adapt to technological change, and predict future customer demands by leveraging our unique, untapped in-house knowledge and sharing it with customers.

IMAGE REMOVED

The standards set by our human rights policy have been embedded into our business policies and processes, such as our ethics policy, HR core standards, and the group risk and compliance systems. For example, investment proposals are assessed on whether they can be achieved in line with our company values and standards, as well as on the basis of appropriate operational delivery, commercial risk and financial return.

During 2017, we have:

- Developed and implemented a human rights awareness programme for senior managers, beginning with the Group Internal Audit department
- Conducted 65 human rights control self-assessments of businesses operating in high-risk countries
- Commenced a programme of internal audits of human rights controls of businesses in high-risk countries, carrying out audits in 2017
- Assessed operational and other business issues against our 'risk universe', such as human rights and other CSR risks
- Published our first slavery and human-trafficking statement, setting out the actions we have taken to help prevent modern slavery within our business and supply chain, including the development and implementation of our Supplier Code of Conduct and our migrant worker policy (g4s.com/modernslavery)
- Updated our Supplier Code of Conduct
- Commissioned an independent review of Brook House Immigration Removal Centre following allegations of unacceptable behaviour and treatment of detainees by employees (see page 82)

IMPROVING DRIVER SAFETY

Values	Safety, Security and Service Excellence Innovation and Teamwork
SDGs	IMAGE REMOVED

The number of road-traffic fatalities has decreased by 48% since 2013 when the first road safety programme was launched. During 2017, we introduced new high-visibility clothing for our motorcyclists in Thailand, and brightly coloured seat belts in Hong Kong which enabled a visual check.

IMAGE REMOVED

ACTIONS FOR 2018

Create and promote the right organisational culture
- Launch management values training materials, embed front-line materials and complete update of HR policies and processes to reflect G4S values
- Continue the delivery of regional leadership programmes and promote development paths and learning opportunities for employees at different levels
- Implement action plans from global employee-engagement survey and address actions from management survey
- Review opportunities to improve gender balance and follow up on UK gender pay gap reporting

Improving Health and Safety
- Continue to implement the revised front-line health and safety induction training
- Introduce updated controls for security officers working at entrance gates
- Share and adopt best practice across the Group in managing critical risk areas
- Develop action plans for businesses which have had multiple fatalities, as well as monitoring their implementation

Respecting Human Rights
- Review human rights risks across the Group's geographic footprint and update our human rights heatmap
- Conduct human rights control self assessments and continue programme of internal audits of businesses operating in high-risk environments
- Carry out human rights risk assessment in key business areas
- Review and implement key actions resulting from the independent review of Brook House IRC (see page 82)
- Continue to build awareness of human rights responsibilities across the Group's businesses

Anti-bribery and corruption
- Continue to increase awareness of Speak Out and create an environment in which colleagues are confident that they may raise concerns without fear of retaliation

MOUNT GAMBIER PRISON, AUSTRALIA

Values	Integrity and Respect
	Safety, Security and Service Excellence
	Innovation and Teamwork
SDGs	IMAGE REMOVED

G4S has operated Mount Gambier Prison since 1995 and in September 2017 was awarded a new five-year contract which includes an option of a further term of up to five years. Mount Gambier Prison, the only privately-run prison in South Australia, is a medium-security men's prison with a capacity of 493 beds. Taking over as general manager at the prison is the previous deputy director for G4S-managed HM Prison Rye Hill in the UK.

As the new contract begins, the team will be developing new partnerships with the local community. These will include support services and technology partners Rehabilitation and reintegration services will be provided, as well as programmes aiming to reduce prisoners' risks of reoffending, thus supporting the Government's policy to achieve a 10% reduction by 2020 and aiding reintegration back into the community. The prison's management team will also continue to work alongside the State on the planned expansion of the facility, engaging with the community and providing significant employment opportunities in the region.

IMAGE REMOVED

CUSTOMERS AND SERVICE EXCELLENCE

IMAGE REMOVED

We build long-term customer relationships based upon trust and understanding of our customers' businesses and objectives.

Positive demand for security services

We believe that the long-term demand for our services remains positive, and we expect to grow revenues on average by around 4% to 6% per annum over the medium term. We continue to sustain contract retention rates of around 90%, have won substantial new business, and more than replenished our sales pipeline together with an improved quality of opportunities.

Large diversified customer base and sales pipeline

One of the strengths of the Group is the diversified nature of its contracts and sales pipeline. Our pipeline is diversified by service, geography and customer. Our 150,000 customers are spread across many different types and customer segments. At the end of December 2017, we had won new business with an annual contract value of £1.4 billion and total contract value of £2.5 billion.

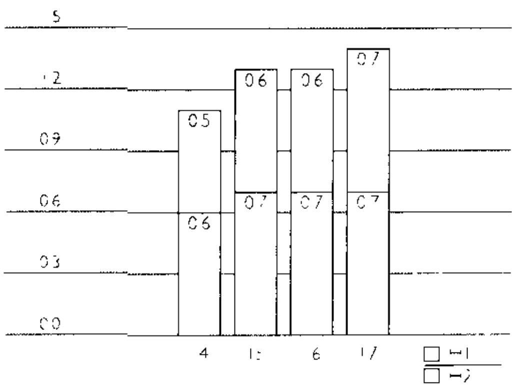
Our sales pipeline has grown despite an increased emphasis on pipeline qualification, ensuring we focus on the best opportunities and improve our win rate. As the Group has invested in innovative products and services, we also see an improvement in the quality of the sales pipeline in terms of more technology-related, longer-term, higher-value-added opportunities.

2017 ACHIEVEMENTS

KPI	KPI	KPI
£1.4bn	**24,000**	**£2.45bn**
New business won	Customers completed net promoter score surveys	Technology-related security revenue in 2017

New business won (KPI)

Annual contract value (£bn)



YALE UNIVERSITY, USA

Values	Safety, Security and Service Excellence, Innovation and Teamwork
SDGs	IMAGE REMOVED

Using G4S-owned AMAG technology, Yale University, one of the world's best-known and oldest Ivy League institutions, has carried out, almost unnoticed, a full scale upgrade of its access-control and site security system across 350 main campus buildings.

Securing a prestigious university in a busy urban area presents particular challenges. High expectations by students, parents and staff, combined with modern security and environmental factors, demanded an exceptional security solution.

The innovative AMAG approach was to use their Symmetry SR Retrofit System, which is designed so that the customer can use their existing wiring and card readers to avoid a disruptive, prolonged, expensive and complex upgrade and without damage to the historic Yale buildings. This unique "plug and play" design allowed Yale to replace old controllers with Symmetry SR Controllers, and provides Yale with a range of advanced integration options so that additional security measures can be added if and when required.

Investment in sales leadership and account management

Since 2013 we have invested in sales leadership, sales and service training, customer relationships, account management and a mandatory sales management system. Our understanding of customer requirements has increasingly resulted in opportunities to sell more technology-enabled solutions. This is particularly the case in developed markets, where higher wages and lower hardware costs have made technology solutions more cost-effective.

We have also invested in capturing global customer opportunities, which has delivered success by winning new work or new customers such as Bank of America (see case study overleaf).

Net promoter score and contract retention

Since 2016, we have embarked on a group-wide Net Promoter Score (NPS) survey process with existing customers. In 2017, using automated survey tools, we doubled the number of surveys conducted, with over 24,000 surveys, including our top 20 customers in most countries, conducted successfully in 29 languages and we improved NPS scores in most countries compared with 2016.

ACTIONS FOR 2018

- Improve win rate
- Improve contract retention
- Improve net promoter scores

MAJOR REDEVELOPMENT, UNITED STATES

Values	Safety, Security and Service Excellence Innovation and Teamwork
SDGs	IMAGE REMOVED

IMAGE REMOVED

Since 2016, G4S has been providing detailed risk and threat assessment as well as an integrated solution and unified security at the largest multi-use redevelopment programme in the United States. This includes access control, systems integration, monitoring (fire, video, intrusion), Risk360, SecureTrax, design and management of the security and operating centre, and manned security officers.

4-6%
Per annum revenue growth over the medium term

£2.5bn
Total contract value of new business won in 2017

CARGILL, BRAZIL

Values	Safety, Security and Service Excellence Innovation and Teamwork
SDGs	IMAGE REMOVED

IMAGE REMOVED

Cargill has been providing food, agriculture, financial and industrial products and services across 70 countries for the last 150 years. In Brazil, it has 10,000 employees across 17 states and G4S Brazil has been providing electronic security services (CCTV and access control) to Cargill since 2016. After an in-depth study, G4S Brazil designed a CCTV and access control solution in 2017 for each Cargill site in countryside locations. This can be challenging due to isolation of the sites and the requirement for power generators to be used. This solution will be expanded from the current ten sites to 130 sites over the next three years.

350
buildings

IMAGE REMOVED

TECHNOLOGY AND INNOVATION

IMAGE REMOVED

Since its formation in 2004, G4S has positioned itself as a leader in integrated security, providing a combination of manpower and technology, systems and software. Through our customer relationships and insight, we have increased focus on investing in the development and marketing of new technology and services to strengthen our service offering, to support growth and to improve margins over time.

2017 ACHIEVEMENTS

KPI

30%
growth in cash automation locations globally

KPI

26%
growth in retail cash solutions in North America

KPI

11.4%
Growth in technology-related revenues in 2017

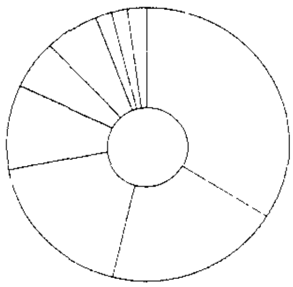
Well-positioned for trends towards more technology solutions with disciplined capital allocation

Increasingly our bespoke offering for customers includes technology in the form of systems and software. For some customers, we own the equipment in their facilities but for others, usually larger customers, we tend to sell the required equipment to the customer, underpinned by long-term management and maintenance contracts. Some of our services and technology solutions, which have commercial momentum in key markets, are featured in this section.

Secure Solutions – Integrated Security

G4S positions itself, not as a technology company but, as a security systems integration company.

Revenue by customer type in 2017 (%)



Major corporates & industrials	34%
Government*	20%
Financial institutions	18%
Retail	10%
Private energy/utilities	6%
Consumers	6%
Transport & Logistics	2%
Ports & airports	2%
Leisure & Tourism	2%

* Our work for Goverment is c7% Care & Justice. The remainder is embassy security, local goverment, support for disaster relief, charity and NGO work, border protection and landmine clearance.

BANK OF AMERICA, NORTH AMERICA

Innovative long-term security partnership with one of the world's largest banks

Values	Safety, Security and Service Excellence Innovation and Teamwork
SDGs	IMAGE REMOVED

Leading global financial institution Bank of America is one of G4S' largest commercial customers. Bank of America serves 47 million consumers and small businesses across 4,500 retail financial centres in 35 countries around the world.

During 2017, our North America business renewed its integrated secure solutions contract with the bank, including a new region covered by the contract, and including access to the Group's proprietary RISK360 software, with a resultant 10% growth in revenue.

Investing in world-leading proprietary products and services

In our Secure Solutions segment, we continue to invest in product and service innovation combined with sales and operational support in the following areas:

- Software tools including evidence-based risk assessment, incident management and travel advisory systems such as RISK360. For example, a global financial organisation used RISK360 to reduce incident reporting time by 50%
- Proprietary security systems such as Symmetry Connect access control systems (see Yale case study on page 24) and visitor management systems

Technology-related security revenues are now £2.45 billion.

Cash solutions – Retail Solutions, bank-branch automation

For our financial and retail customers, we have developed a number of innovative and efficient services. We have over 19,500 cash technology installations, often combined with our software and managed services and have a strong and growing pipeline.

- Automated cash solutions for retailers – this bespoke solution covers smart safes and cash recyclers, including our own Deposita equipment in emerging markets through to full cash management automation solutions for some of the world's largest retailers
- Automated bulk-teller solution for banks – the Deposita solution of hardware, proprietary software and managed service is also being used in bank branches
- Mobile banking service – due to the increase in electronic payments and internet banking, traditional bank branch usage has declined in some markets, resulting in bank branch closures. However, the banks recognise the value of personal interaction with customers and so in some developed and emerging markets G4S has launched a mobile banking service using the skills and fleet of our traditional cash-in-transit business in a more integrated and innovative way

ACTIONS FOR 2018

- Improve cross-market innovation and growth
- Continue to drive market penetration of integrated security solutions
- Build on our market leadership in cash automation services with more customers in more markets
- Continue to invest in innovative and efficient services for customers
- Cross-selling and up-selling within and across markets
- Continued investment in people, technology, software and systems

IMAGE REMOVED

10%

Growth in our new renewed contract with Bank of America. The three year integrated security solutions contract is the Group's largest individual contract.

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

IMAGE REMOVED

Our productivity programmes have started to show clear benefits and we have increased confidence that there remain many more opportunities to be a more efficient organisation. In August 2017, we announced that we expected to deliver recurring operating and financing efficiencies of £90 million to £100 million per annum by 2020.

2017 ACHIEVEMENTS

1,300
re-negotiations with suppliers

130
business units across 90 countries completed organisation benchmarking

1st
pilot launched in the entire Irish manned security business in November 2017, combining HR, operations and finance in one streamlined IT-enabled process

£90m-100m
efficiency savings per annum by 2020

More focused business – cultural change

Historically a significant part of the Group's strategy and development was growth through bolt-on acquisitions and, in many cases, these acquisitions were not fully integrated into the Group. With the Group offering many services in a large number of countries, this resulted in an inefficient organisation, with many management layers built up over time, resulting in inefficiency and lack of accountability.

The Group is now more focused, on two core business segments, and we are implementing programmes to ensure our organisation and operational costs are just as focused with support functions as shared-service centres. This requires a substantial cultural change in the organisation and has to be done methodically and properly.

Reinvesting for growth

A significant proportion of the gains we have made from our efficiency programmes have been reinvested in the business to improve governance, increase the opportunities for growth as well as in processes to drive further efficiency. We have increasing confidence in being able to deliver further efficiencies as outlined in the "programme progress table opposite" and we expect the majority of these will increasingly flow through to the bottom line.

Efficient organisation design and management de-layering

Following benchmarking in 130 business units across 90 countries in 2017 we have begun delayering the management frameworks in the business and are now working to have more efficient regional, functional and operational frameworks as follows:

Procurement and property

The Group procurement team has continued driving its activities throughout the different regions with a category-focused and regionally-deployed strategic approach.

Key areas of improvement included supplier base rationalisation, standardisation of procurement processes and demand management, renegotiation of payment terms and the delivery of savings across all categories. Globally, in 2017, the team delivered over

HINKLEY POINT C, UK

Values	Safety, Security and Service Excellence Innovation and Teamwork
SDGs	IMAGE REMOVED

Hinkley Point C will be the first nuclear plant to be built in the UK in over 20 years. The build project will last ten years and involves a high level of complexity and risk, with over 5,600 workers on site. G4S will be providing an integrated-security solution covering physical security and facilities management, access control, CCTV, RISK360, control room, vetting, incident response – command & control, contractor on-boarding, risk audits and protester management.

Programme progress – helping to deliver between £70 million and £80 million sustainable operational cost savings per annum by 2020, with an additional c£20 million from re-financing.

Programme	Status	Progress
Safety performance		Foundations laid building culture and improving performance
Organisational efficiency, operations and support functions		Benchmarked 130 business units across 90 countries
Procurement and property		• >1,300 supplier negotiations • Reduced suppliers and demand • Rationalising property
IT-enabled automation and shared-service centres		• IT service management model • Progressive, disciplined programme
One G4S, standardised operating and functional processes		Significant opportunity

1,300 individual re-negotiations with tangible results in all regions and savings in excess of 50% in some cases. New procurement tools were implemented to provide more efficient and controlled procurement, such as the tool rolled out in the UK to manage the procurement of contingent labour. This will be progressively rolled out to other regions.

In 2018 focus will remain on consolidating the supplier base, standardisation of procurement processes, demand management and delivering savings.

Operational excellence

We have a number of initiatives in place to introduce standardised operational and functional processes. We are also using IT-enabled automation and shared-service centres to improve productivity. One example of this is Javelin.

Lean-process design – Javelin

Project Javelin is a new operating model for our business which takes the best working practices and processes from across G4S. Javelin replaces our previous systems and processes for recruitment, core HR, talent management, procurement, finance, contract management, payroll, billing, scheduling, tele-contact, IVR platform and operational control systems with a single Cloud-based platform.

The pilot for Javelin was launched in Ireland in November 2017. The purpose of the pilot programme was to learn how to best deliver this complex change programme within our business, identify areas of our combined processes that work well and capture areas for improvement before further roll-out. The enhanced version of Javelin encompassing all of the lessons learned will be deployed into Ireland before implementation commences in the UK later this year.

Automating our core processes for HR (screening, payroll), operations (scheduling, holidays and leave) and finance (billing) will reduce the amount of time between the work we do for customers and billing for those services.

ACTIONS FOR 2018

- Continue with restructuring and organisational efficiency programmes
- Commence roll-out of Javelin in the UK
- Continue to focus on consolidating the supplier base, standardisation of procurement processes, demand management and delivering savings

IMAGE REMOVED

Ten-year

Contract to provide integrated security at Hinkley Point C.

FINANCIAL AND COMMERCIAL DISCIPLINE

IMAGE REMOVED

Through a strong focus on cash management and portfolio management, net debt/Adjusted EBITDA reduced to 2.4x at the end of 2017 from 2.8x at the end of 2016, in line with our target set in 2015.

2017 ACHIEVEMENTS

KPI

2.4x
Net debt/Adjusted EBITDA at end of 2017, within our target of <2.5x

KPI

£527m
operating cash flow from core businesses

106%
operating cash flow from core businesses as a proportion of Adjusted PBITA

£156m
in net disposal proceeds received in 2017

Operating cash flow

Operating cash flow from core businesses in 2017 was £527 million, down from £633 million in 2016 as expected. Operating cash flow in 2016 was particularly strong, reflecting the beneficial impact of better terms and conditions with a large number of suppliers and the recovery of weak cash flow performance at the end of 2015. Our 2017 cash flow conversion performance of 106% of Adjusted PBITA (2016: 133%) was in line with our guidance that average operating cash flow conversion will be more than 100% of Adjusted PBITA.

We continue to focus on improved working capital management through strengthening bid evaluation frameworks to increase focus on frequency of invoicing and shorter payment terms.

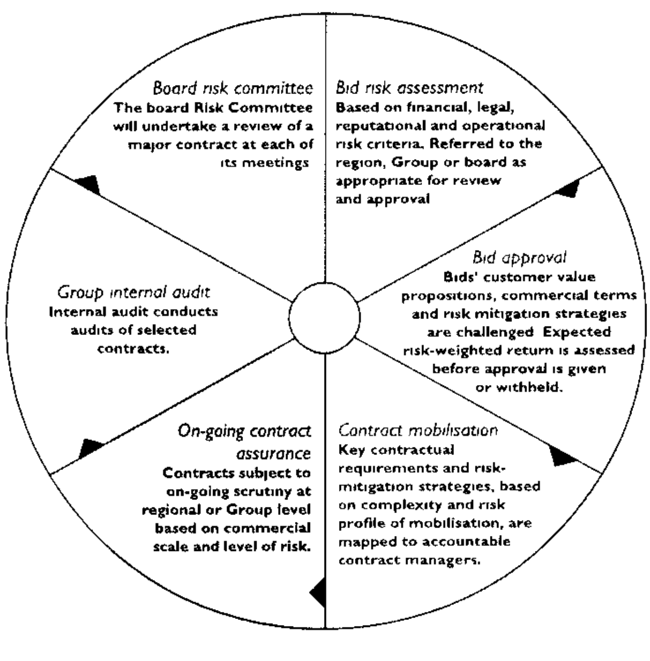
Reducing the time between event to billing

- Improving processes and automating event billing information such as hours worked (for example Project Javelin on page 29), milestones met, collections and deliveries in the cash solutions business
- Centralising of billing events of global and strategic accounts in some countries
- Automation of invoices removing the resource and delay of a manual process
- Seeking to distribute invoices electronically, at lower cost and quicker than via post

Contract risk management

Our contract risk management model was implemented in 2014, and aims to ensure we sign contracts that we can deliver efficiently and effectively and is shown in the pie chart below.

G4S CONTRACT RISK MANAGEMENT AND GOVERNANCE MODEL



Strengthening collections performance

- Changed incentive plans in 2016 with greater emphasis on cash-flow generation
- Improved management information to increase accountability and influence behaviour
- Weekly calls with finance and operations to drive cash collection

Managing accounts payable

- The Group's days' payable outstanding is 42 days (2016: 35 days) which is still shorter than days' sales outstanding of 52 days (2016: 46 days), but the gap is reducing. This shows that, despite the progress made, there is still an opportunity to improve further
- Ensuring that supplier contracts are linked with customer contracts
- Re-negotiating improved terms through procurement teams

Capital allocation – on-going priorities for use of cash

All investment is reviewed to ensure that the Group's return on investment targets are met, and all major capital investment projects are approved by the appropriate authority in line with delegation limits. Other measures, such as whether we are able to achieve the benefits of the project in line with the Group values and whether the commercial risks are acceptable, are also considered.

We intend to remain soundly financed with average operating cash flow conversion of more than 100% of Adjusted PBITA and a net debt to Adjusted EBITDA ratio of less than 2.5x. Priorities for excess cash will be investment, dividends and, in the near term, further leverage reduction.

CAPITAL ALLOCATION

- **Net debt/Adjusted EBITDA of below 2.5x**
- **Priority uses of any surplus cash flow:**
  - **Investment in growth and productivity**
  - **Dividend growth**
  - **Leverage reduction**

Changing behaviours

Cash-flow generation is an important part of management incentive plans.

Portfolio management

The Group made further progress with its portfolio management programme in 2017. The programme has greatly improved the Group's strategic focus and has also realised over £500 million in disposal proceeds in relation to the 41 businesses sold to date. This includes gross proceeds of £166 million in 2017 relating to the disposal of the Group's businesses in Israel and Bulgaria, the Group's cash businesses in Peru and Paraguay, the US Youth Services business and the UK children's homes business.

The proceeds from these disposals have reduced the Group's leverage and have been reinvested in an organic growth and productivity programme from which we expect to see good returns.

Pension deficit repair plan

G4S had a net defined pension deficit for accounting purposes of £318 million (2016: £368 million) net of applicable tax as at 31 December 2017. For more details see page 173. The lower deficit reflects a small increase in the discount rate assumption used and the payment of deficit repair contributions of £40 million during the year under the current deficit repair plan. The triennial review of the scheme and pension contributions will begin in 2018 and is expected to be completed in 2019.

Debt refinancing

G4S had gross debt of £2.5 billion (2016: £2.6 billion) and net debt of £1.5 billion at the end of 2017 (2016: £1.7 billion). Around £548 million of the £1 billion debt which matures in 2018/2019 incurs post-hedging average interest rates of between 6.90% and 7.75% (see page 41). The Group has good access to capital markets and a diverse range of finance providers and as a result began to refinance its debt at much lower rates in 2017 and early 2018 which should result in a material reduction in the Group's interest charge from 2019 onwards.

FINANCIAL OUTLOOK

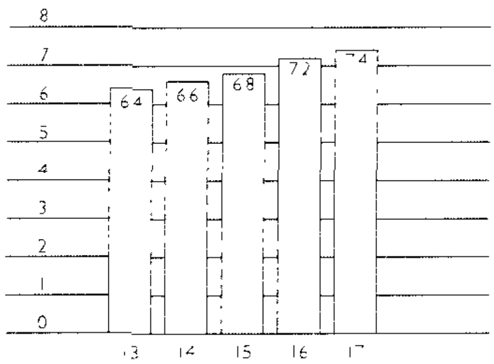
- Average organic revenue growth of 4-6% per annum
- Restructuring and efficiency programmes to deliver £70m-80m annual costs savings from 2020 and around £20m of refinancing cost reduction per annum by 2020
- Compounding benefit of investment, growth and productivity to deliver strong earnings growth
- Operating cash flow from core businesses of over 100% of Adjusted PBITA
- Continued focus on cash management and working capital
- Continued disciplined approach to capital investment - expect to invest £100m-£150m per annum
- Maintain net debt/Adjusted EBITDA below 2.5x
- Dividends increasing in line with long-term growth in earnings

Our progress in implementing our strategic objectives is measured using key performance measures aligned to those objectives and to the Group values:

FINANCIAL – CORE BUSINESSES KPI

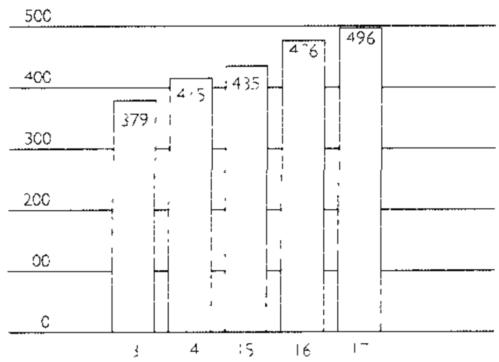
Revenue[1] (£bn) growth since 2013

£7.4bn +17%



Adjusted PBITA[1] (£m) growth since 2013

£496m +31%



	Revenue	Adjusted PBITA
Description	We have an organic growth strategy based on strong market positions in structural growth markets. We have invested in improved customer service, innovation and sales and business development capabilities. There is also great potential to sell more complex solutions which tend to have longer contract terms and higher margins. Over the medium term we expect to grow revenues on average by 4% to 6% per annum.	The Group has implemented a number of productivity programmes that are now driving efficiency and operational improvement across the Group. These include efficient organisation design, management de-layering, lean operating processes, efficient reporting and assurance processes, upgraded IT systems and efficient procurement.
Performance in 2017	In 2017, revenues grew 3.2% to £7.4bn (2016: £7.2bn), with developed markets growing 4.3%, reflecting strong growth in North America and modest growth in Europe and the UK. Emerging markets grew 1.5% with good growth across Africa, Asia Pacific and Latin America offset by a decline in the Middle East & India region.	In 2017, Adjusted PBITA grew 4.2% to £496m (2016: £476m) as a result of revenue growth of 3.2% and our productivity initiatives having tangible compounding benefits. Adjusted PBITA in emerging markets was down 4.8% due to the challenging environment in Middle East & India, whilst in developed markets Adjusted PBITA increased by 9.1%.
Link to strategic objectives	■ ■ ■ ■ ■	■ ■ ■ ■ ■
Link to long term incentive plan		
Link to annual performance bonus	✓	✓

OTHER FINANCIAL AND NON-FINANCIAL KPI

An analysis of net debt/Adjusted EBITDA performance is provided on page 30. In addition to the financial KPIs, the Group has a set of performance measures aligned to its strategic priorities. These measures include employee retention, contract and customer retention, lost-time injuries and other health and safety measures. A description of these performance measures and our progress against them is shown throughout the strategic report.

See pages 14 to 25 for more information

IMAGE REMOVED

PEOPLE AND VALUES

CUSTOMERS AND SERVICE EXCELLENCE

TECHNOLOGY AND INNOVATION

IMAGE REMOVED

OPERATIONAL EXCELLENCE AND PRODUCTIVITY

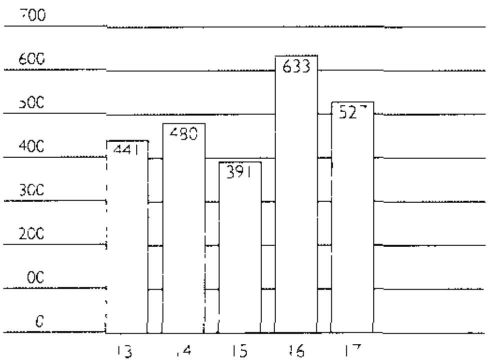
FINANCIAL AND COMMERCIAL DISCIPLINE

Link to strategy

- People and values
- Customers and service excellence
- Technology and innovation
- Operational excellence and productivity
- Financial and commercial discipline

Operating cash flow[1] (£m) growth since 2013

£527m +20%

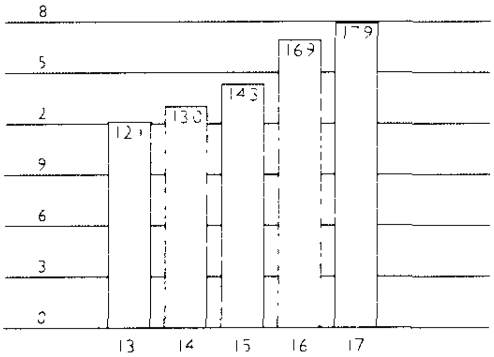


A key priority for the Group is to drive improved cash generation, through enhanced working capital management and capital discipline and embedding a "cash matters" culture throughout the Group. Greater emphasis has been placed on cashflow generation in management incentive plans since 2016.

Operating cash flow was £527m (2016: £633m), down 16.7% as expected following a higher than normal cash generation in 2016. The cash conversion rate was 106% (2016: 133%), in line with our guidance of over 100% of Adjusted PBITA. Good cash flow and working capital management performances were delivered across most of the Group.

Adjusted EPS[1] (pence per share) growth since 2013

17.9p +48%



G4S is aiming to deliver sustainable growth in adjusted earnings over the long-term. Adjusted EPS growth is a component of both the annual and long-term management incentive plans.

Helped by revenue growth, improved Adjusted PBITA margins and lower non-controlling interests, adjusted earnings from core businesses increased 5.7% to £277m (2016: £262m) in 2017.

Adjusted EPS from core businesses increased 5.9% to 17.9p (2016: 16.9p).

1 For details of the basis of preparation of results from core businesses and an explanation of Alternative Performance Measures (APMs) used, see page 35. Results from core businesses are reconciled to statutory results on page 44.

For more detail on the Group's strategic priorities please see pages 14 to 31. For more detail on 2017 financial performance please see the Chief Financial Officer's review on pages 37 to 50.

IMAGE REMOVED

IMAGE REMOVED

IMAGE REMOVED

Key priority based on 2017 stakeholder materiality exercise (see page 83)

HEALTH AND SAFETY

The safety of our employees and those in our care is one of our corporate values and a priority for the Group.

HUMAN RIGHTS

Our respect for human rights is core to the sustainable success of the business and continues to be an important part of our risk-assessment and mitigation process.

ANTI-BRIBERY AND CORRUPTION

We continue to develop and encourage a workplace culture in which all employees understand the company's standards of ethics and feel confident that they may raise ethical concerns.

KPIs

47%
Reduction in employee fatalities

65
Human rights control self assessments of businesses operating in high-risk countries

300
Cases reported and managed via our global whistleblowing system Speak Out during 2017

KEY CSR INDICATORS

	2017	2016	2015	2014	Index
Number of employees	**570,000**	585,000	6[illegible]0,000	623,000	p17
Percentage of female managers	**22.8%**	25.5%	23.4%	23.4%	p18-19
Percentage of frontline female employees	**14.2%**	13.6%	13.4%	12.8%	p18-19
Work-related fatalities	**25**	47	46	41	p21
Attack	**8**	20	17	14	p21
Non-attack	**6**	10	9	8	p21
Road-traffic incident	**11**	17	20	19	p21
Lost time incidence rate (per 1,000 employees)	**6.7**	7.7	8.5		p21
Non-natural deaths in custody (UK/Australia)	**3**	9	2	-	p21
Coverage by collective agreements (%)	**31%**	32%	33%	30%	p20
Employee turnover (%)	**25.3%**	27.6%	29.4%	30.8%	p17
Number of human rights control self-assessments in high-risk countries	**65**	54	-		p21-22
Number of human rights audits in high-risk countries	**37**	-		-	p21-22
Number of whistleblowing cases	**300**	402	58	65	p20
t/CO_2e GHG emissions per £m revenue	**62.9**	68.1	72.3	75.0	p117-118
Total GHG emissions t/CO_2e	**501,467**	514,466	526,403	542,479	p117-118
Scope 1 $t\ CO_2e$	**297,211**	296,543	304,5[illegible]	312,708	p117-118
Scope 2 $t\ CO_2e$	**103,915**	108,369	108,398	10[illegible],232	p117-118
Scope 3 $t\ CO_2e$ (air travel)	**20,368**	15,261	16,088	17,573	p117-118

Visit g4s.com for more information

Alternative Performance Measures (APMs)

The Group applies the basis of preparation for its statutory results shown on page 136. As explained below, the Group makes use of Alternative Performance Measures (APMs) in the management of its operations and as a key component of its internal and external reporting. Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other businesses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

Business reporting structure

Since 2016, the Group has reported its results across three distinct components, in line with its strategy for managing the business:

- **Core businesses** (formerly referred to as "Continuing businesses"), which comprise the Group's on-going activities;
- **Onerous contracts** which are being managed effectively to completion.

  The onerous contracts component largely comprises a small number of material legacy onerous contracts that were identified by management as loss-making and are being run to completion. The results of these contracts are presented separately so that stakeholders can clearly assess their financial impact on the Group as well as consider them separately when assessing the financial performance which the Group is likely to deliver into the future; and
- **Portfolio businesses**, which are being managed for sale or closure, as part of the portfolio rationalisation programme announced by the Group in November 2013.

  Businesses are classified as portfolio businesses when the Group Executive Committee, having considered their performance, market conditions, competitive environment etc., considers that shareholder value is most likely to be maximised through a sale transaction rather than through continuing use. These businesses are available for immediate sale in their present condition, but do not represent a major line of business or geographical area of operation and hence do not meet the definition of a discontinued operation under IFRS 5.

  Due to the scale and breadth of the Group, together with the complex changing environment in the different countries where the Group operates, the portfolio businesses programme is dynamic. Changes in performance and market conditions subsequent to the original launch of the portfolio businesses programme have led the Group Executive Committee to consider that some additional businesses should be sold or closed. In certain cases changes in market conditions or business performance have provided sufficient evidence for the Group Executive Committee to conclude that shareholder value will best be maximised through retention of some businesses previously categorised as portfolio businesses, and hence such businesses have been re-classified as core businesses.

  Since 30 June 2017 there have been no changes to the portfolio businesses other than the completion of some minor disposals. The portfolio programme is considered to be substantially complete at 31 December 2017. Going forwards no further transfers into or out of the portfolio businesses will occur.

When presenting these three components separately, the objective is to provide additional information and analysis to enable a fuller understanding of the Group, the way it is managed, and to identify easily the performance of those businesses that are expected to form part of the Group in the long term. These three components together with the impact of restructuring costs, specific items and other items disclosed separately from Adjusted PBITA (see below) on the face of the Consolidated income statement, constitute "continuing operations" under IFRS.

Discontinued operations, in accordance with IFRS 5, represent areas of the business which are being managed for sale or closure but which represent material business segments or entities. The Group now has minimal operations that meet the IFRS 5 definition of discontinued operations.

The comparative results for each component of continuing operations, and for discontinued operations, are re-presented for consistency to reflect the impact of businesses re-classified between components or sold during the current period.

Financial performance indicators

The key financial measures used by the Group in measuring progress against strategic objectives are set out below, and are reconciled for the current and prior year to the Group's statutory results on page 44.

a ***Revenue***
Statutory revenue arising in each of the three business components. *Revenue from core businesses is a Key Performance Indicator ("KPI").*

b ***Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")***
The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of financial performance from the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, goodwill impairment and amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as explained on page 36.

Restructuring costs
These costs relate to the wider strategic transformation of the Group and are excluded from Group and regional Adjusted PBITA since they reflect Group decisions and are not considered to be reflective of the underlying financial performance of the individual businesses. This programme is of a strategic nature and, as such, is monitored and approved by the Group Executive Committee. During 2016 and 2017 activities under the programme have focused primarily on

ALTERNATIVE PERFORMANCE MEASURES (APMS)

transforming the operating model in the regions of UK & Ireland and Europe. Going forwards, the Group has announced a three-year plan to 2020 to implement efficient organisational design and leaner processes, which is likely to require further restructuring investment. Local, non-strategic restructuring costs in the businesses continue to be included within Adjusted PBITA, consistent with prior years.

Goodwill impairment and Amortisation of acquisition-related intangible assets:
The goodwill and acquisition-related intangible assets (mainly related to the capitalised value of customer lists), which resulted in these charges, arose when the Group acquired a number of its current businesses. As a contrast, organically-developed businesses in the Group, whilst clearly benefiting from intangible assets such as talent and customer relationships, do not have any associated goodwill or acquisition-related intangible assets recognised in the Group's Consolidated statement of financial position.

Impairment and amortisation of goodwill and acquisition-related intangible assets are excluded from Adjusted PBITA as they relate to historical acquisition activity rather than the underlying trading performance of the business, and this presentation enables effective comparison of business performance across the Group regardless of whether businesses were acquired or developed organically. This approach provides management with comparable information for day-to-day decision making. The income and trading profits earned from previously-acquired businesses are, however, included within Adjusted PBITA, and this treatment may differ from how other groups present profits and amortisation of intangible assets relating to businesses acquired.

The Group reports amortisation of all non-acquisition-related intangible assets, which are mainly related to development costs and software, as a charge within Adjusted PBITA, to reflect the amortisation of capital expenditure invested in these assets to deliver the day-to-day operations, consistent with the treatment of depreciation of capital expenditure invested in property, plant and equipment.

Specific items
These items are those that, based on management's judgment, need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. They are excluded from the Group's adjusted performance measures since they are not considered to be representative of the underlying financial performance of the business. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All items that are reported as specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversal of excess provisions previously created as specific items is recognised consistently as a specific item. The associated tax impact of specific items is recorded within the specific items tax charge. In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are also included within the specific items tax charge. Consistent with the treatment of pre-tax specific items, significant tax charges or credits that occur, which are not related to core businesses but which would have a significant impact on the Group's tax charge, would also be classified as tax-specific items.

Profits and losses on disposal or closure of subsidiaries and losses from discontinued operations:
These items are excluded from the Group's adjusted performance measures since they are not reflective of the underlying financial performance of the Group.

Further details regarding these excluded items can be found in note 8 on page 148.

Adjusted PBITA from core businesses is a KPI.

c. ***Operating cash flow***
Net cash flow from operating activities of continuing operations, adjusted to exclude strategic restructuring spend and cash flows from portfolio operations and onerous contracts. *Operating cash flow from core businesses is a KPI.*

d. ***Earnings***
Profit attributable to equity shareholders of G4S plc. *Adjusted earnings from core businesses excludes specific and separately disclosed items and is a KPI.*

e. ***Earnings per share ("EPS")***
Profit attributable to equity shareholders of G4S plc, per share, from continuing operations. *Adjusted EPS from core businesses excludes specific and separately disclosed items, and is a KPI.*

f. ***Net debt to Adjusted EBITDA***
The ratio of total net debt, including investments, finance lease liabilities and cash and overdrafts within net assets of disposal groups held for sale, to adjusted earnings attributable to equity shareholders before interest, tax, depreciation and amortisation. This ratio is a determinant factor in the Board's assessment of the financial strength of the Group, and is a key measure of compliance with covenants in respect of the Group's borrowing facilities.

Certain of these financial performance indicators in respect of core businesses also form a significant element of performance measurement used in the determination of performance-related remuneration and incentives, as follows:

- *Adjusted PBITA* – annual bonus plans for senior managers in regional management;
- *Operating cash flow* – annual bonus plans and long-term incentive plan for all senior management including executive directors;
- *Adjusted earnings* – annual bonus plans for executive directors and functional directors who are members of the Group Executive Committee; and
- *Adjusted EPS growth* – long term incentive plan for all senior management including executive directors.

Chief Financial Officer's review

FOCUSED ON LONG-TERM DELIVERY

"We made good progress in 2017 and our core businesses delivered revenue growth of 3.2% and adjusted earnings growth of 5.7%."

IMAGE REMOVED

FINANCIAL HIGHLIGHTS

STATUTORY RESULTS[e]

Revenue
£7.8bn +3.1%
(2016 £7.6bn)

Adjusted PBITA
£491m +6.5%
(2016 £461m)

Earnings[c]
£236m +19.2%
(2016 £198m)

Final dividend
6.11p +5.0%
(2016 5.82p)

Net debt: Adjusted EBITDA[d]
2.4x
(2016 2.8x)

Resulting in a total dividend of
9.70p +3.1%
(2016 9.41p)

CORE BUSINESSES[a]

Revenue KPI
£7.4bn +3.2%
(2016 £7.2bn)

Adjusted PBITA KPI
£496m +4.2%
(2016 £476m)

Adjusted Earnings[a] KPI
£277m +5.7%
(2016 £262m)

Operating cash flow KPI
£527m -16.7%
(2016 £633m)

Chief Financial Officer's review

Introduction

	Statutory Results[e] Actual Foreign Exchange Rates			Core Businesses[a] Constant Foreign Exchange Rates		
	2017	2016	%	2017	2016	%
Revenue	**£7,828m**	£7,590m	+3.1	**£7,427m**	£7,195m	+3.2
Adjusted PBITA[b]	**£491m**	£461m	+6.5	**£496m**	£476m	+4.2
Adjusted PBITA[b] margin	**6.3%**	6.1%		**6.7%**	6.6%	
Earnings[c]	**£236m**	£198m	+19.2	**£277m**	£262m	+5.7
Earnings Per Share[c]	**15.2p**	12.8p	+18.8	**17.9p**	16.9p	+5.9
Operating Cash Flow	**£488m**	£615m	(20.7)	**£527m**	£633m	(16.7)

a See notes on page 44 for a reconciliation of group results

b Adjusted PBITA is explained and defined on page 35 in the basis of preparation of Alternative Performance Measures

c Earnings is defined as profit attributable to equity shareholders of G4S plc. Adjusted earnings and adjusted earnings per share ("EPS") from core businesses exclude specific and other separately disclosed items, as explained on page 36, and are reconciled to statutory earnings and EPS on page 44

d Net debt to Adjusted EBITDA is an Alternative Performance Measure as defined on page 36 and is adjusted to exclude specific and separately disclosed items

e See page 136 for the basis of preparation of statutory results

Basis of preparation

The following discussion and analysis on pages 38 to 50 is based on, and should be read in conjunction with, the consolidated financial statements, including the related notes, that form part of this annual report. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU as explained on page 136.

Business Performance – statutory results

Statutory results at actual exchange rates	2017 £m	2016 £m	YoY
Revenue	**7,828**	7,590	3.1%
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**491**	461	6.5%
Specific items (net)	**(34)**	(13)	
Restructuring costs	**(20)**	(12)	
Profit on disposal/closure of subsidiaries/businesses	**74**	7	
Goodwill impairment	–	(9)	
Acquisition related amortisation	**(10)**	(32)	
Operating profit	**501**	402	24.6%
Interest costs (net)	**(115)**	(106)	8.5%
Profit before tax	**386**	296	30.4%
Tax	**(128)**	(76)	68.4%
Profit after tax	**258**	220	17.3%
Loss from discontinued operations	**(6)**	(3)	100.0%
Profit for the year	**252**	217	16.1%
Non-controlling interests	**(16)**	(19)	(15.8%)
Earnings (profit attributable to equity holders of the parent)	**236**	198	19.2%
EPS	**15.2p**	12.8p	18.8%
Operating cash flow	**488**	615	(20.7%)

Revenue

Revenue increased by 3.1% compared with the prior year statutory reported results presented at historical exchange rates. On a constant-currency basis, revenue decreased by 1.2%, reflecting a reduction in revenue from businesses identified for sale or closure of £335m primarily due to businesses disposals in the current and prior years including the Group's US Youth Services business and its business in Israel (see page 39 and note 17) in 2017. Revenue from onerous contracts was slightly higher than the prior year at £119m (2016: £115m). Excluding revenue from onerous contracts and from businesses identified for sale or closure, revenue grew by 3.2% at constant exchange rates.

Business performance is discussed in more detail by region on page 51.

Adjusted PBITA

Adjusted PBITA of £491m (2016: £461m) was up 6.5% including the benefits of exchange rate movements in the year. On a constant-currency basis, Adjusted PBITA increased 1.9% reflecting the strong performance of the Group in developed markets, improved product mix and the results of our on-going productivity programmes, partially offset by the weakness in the Middle East & India and a reduction in Adjusted PBITA from businesses held for sale or closure of £11m primarily due to business disposals in the current and prior years (see page 44). Excluding Adjusted PBITA from onerous contracts and businesses identified for sale or closure, Adjusted PBITA increased by 4.2% at constant exchange rates.

Net specific items

Specific items resulted in a net charge of £34m (2016: £13m), of which £19m (2016: £4m) primarily relates to the anticipated total losses over the next 15 to 20 years in respect of certain UK contracts. The net specific item charge also includes £6m relating to the estimated cost of settlement of subcontractor claims from commercial disputes in respect of prior years, and £9m relating mainly to the settlement of labour-related disputes in respect of prior years, in North America and Latin America. Specific items in 2016 included a £10m charge due to the revision of estimates relating to legacy acquisitions and labour claims in Latin America, £7m relating to commercial restructuring in Middle East & India, and a net £4m supplementary onerous contract provision primarily in respect of the Compass asylum seekers contract, all offset by an £8m credit relating mainly to the recovery of a legal claim in Europe and of certain disputed debtor balances in the UK.

Restructuring costs

The Group invested £20m (2016: £12m) in restructuring programmes during the year, mainly in the UK & Ireland and Europe regions as part of the multi-year strategic productivity programme being implemented across the Group, which is now drawing to a close. In addition, the Group incurred non-strategic severance costs of £10m (2016: £9m) which are included within Adjusted PBITA. Going forwards the Group has announced a three-year plan to 2020 to implement efficient organisational design and leaner processes, which is likely to require further restructuring investment.

Profit on disposal and closure of subsidiaries and goodwill impairment

As part of the portfolio programme, the Group realised a net profit of £74m (2016: £7m) relating to the disposal of a number of its operations including the businesses in Israel and Bulgaria, the US Youth Services business, the UK children's homes business and the Group's cash businesses in Peru and Paraguay. In 2016, the Group recorded a goodwill impairment charge of £9m in relation to businesses identified for sale or closure.

Acquisition-related amortisation

Acquisition-related amortisation of £10m (2016: £32m) is lower than the prior year as certain intangible assets recognised on a number of legacy acquisitions became fully amortised in 2016.

Net interest costs

Net interest payable on net debt was £92m (2016: £90m). The increase in 2017 was primarily due to a temporary increase in gross borrowings (matched by an increase in cash balances) following the issuance of a €500m Public Bond in November 2016 and a €500m Public Bond in June 2017 that were used mainly to re-finance the March and May 2017 debt maturities in addition to drawings under the Revolving Credit Facility. Net other finance costs of £12m (2016: £6m) increased compared with the prior year due to an additional £2m relating to discount unwound on provisions, a £2m charge in relation to overseas tax settlements, and a £2m indebtedness-related foreign exchange gain recognised in 2016.

The pension interest charge, related to the unwinding of discount in relation to long-term pension liabilities, was £11m (2016: £10m), resulting in a total net interest cost of £115m (2016: £106m).

Tax

The statutory tax charge of £128m (2016: £76m) for 2017 includes a tax charge of £92m (2016: £85m) on the adjusted profits of core businesses, as explained on page 46, a tax credit on onerous contracts of £4m (2016: £nil), a tax charge of £7m (2016: £2m) in respect of portfolio businesses, a net tax charge of £18m (2016: tax credit of £9m) in respect of acquisition-related amortisation and other separately disclosed items, and a tax charge of £19m (2016: £nil) in respect of the tax impact of the US tax reform (see page 49).

The Group's statutory tax charge represents an effective rate of 33% (2016: 26%) on profit before tax of £386m (2016: £296m). The effective tax rate is a function of a variety of factors, with the most predominant being the geographic mix of the Group's taxable profits and the respective country tax rates, profits arising on the disposal of certain subsidiaries being taxed at a higher rate, the recognition of, and changes in the value of, deferred tax assets and liabilities, permanent differences such as expenses disallowable for tax purposes, and irrecoverable withholding taxes.

The higher effective tax rate compared with the prior year is primarily driven by a one-off charge relating to the re-measurement and impairment of US deferred tax assets arising as a result of US tax reform (as explained on page 49), together with profits arising on the disposal of certain subsidiaries being taxed at a higher tax rate.

The effective tax rate on the Group's statutory profits was also significantly higher than the effective tax rate on the adjusted profits of core businesses (explained on page 46), primarily due to two non-core factors. Firstly, the impact of US tax reform, which is excluded from the tax charge on adjusted profits from core businesses, and secondly, as a result of profits arising on the disposal of certain subsidiaries being taxed at a higher rate.

Non-controlling interests

Profit attributable to non-controlling interests was £16m in 2017, a decrease from £19m for 2016. The decrease compared with the prior year reflects the non-controlling partners' share in the lower level of profitability of certain businesses in the Middle East & India region.

Profit for the year

The Group reported profit for the year attributable to equity holders of the parent ("statutory earnings") of £236m (2016: £198m), an increase of 19.2% compared with the prior year including the benefits of improved Adjusted PBITA, the profit on disposal of subsidiaries and the impact of foreign exchange movements. On a constant-currency basis, earnings increased by 14.0%.

Earnings per share

Statutory earnings per share increased to 15.2p (2016: 12.8p), based on the weighted average of 1,548m (2016: 1,546m) shares in issue. A reconciliation of the Group's statutory profit for the year to EPS is provided below.

	Earnings per share		
	Statutory 2017 £m	Statutory 2016 at actual exchange rates £m	Adjusted Statutory 2016 at constant exchange rates £m
Profit for the year	**252**	217	227
Non-controlling interests	**(16)**	(19)	(20)
Profit attributable to equity holders of the parent (earnings)	**236**	198	207
Average number of shares (m)	**1,548**	1,546	1,546
Statutory earnings per share	**15.2p**	12.8p	13.4p

Review of the Group's consolidated statement of financial position

Significant movements in the consolidated statement of financial position

Non-current loan notes were £1,486m (2016: £1,715m), reflecting the re-classification of certain US Private Placement notes repayable in July 2018 and the €500m Public Bond repayable in December 2018 as current liabilities, offset by the addition of the new €500m Public Bond issued in June 2017 and repayable in 2024.

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- cash, cash equivalents and overdrafts are explained on page 41;
- net debt is analysed on page 50;
- provisions are analysed in note 33 on page 179; and
- retirement benefit obligations are explained on page 43.

Total equity

Total equity at 31 December 2017 was £854m (2016: £863m). The main movements during the year were: profit for the year of £252m (2016: £217m); other comprehensive losses of £47m (2016: income of £109m) which included a re-measurement gain on deferred retirement benefit schemes of £26m (2016: loss of £169m) as explained on page 43, an exchange loss on translation of foreign operations of £125m (2016: gain of £429m) and a gain from changes in the fair value of cash flow hedging financial instruments of £56m (2016: loss of £197m) and dividends paid in the year of £179m (2016: £162m).

The significant foreign currency gain of £228m (net of changes in fair value of cash flow hedging financial instruments) recognised in the consolidated statement of comprehensive income in the prior year was mainly as a result of the weakening of Sterling compared with the US dollar and euro following the UK referendum result in June 2016. In 2017, Sterling strengthened compared with the US dollar, partially offset by a further weakening against the Euro, resulting in a net foreign exchange loss of £69m recognised in the Consolidated statement of comprehensive income for the year.

Review of the Group's cash flow and financing

Consolidated statement of cash flow

Net cash flow from operating activities of continuing operations was £488m (2016: £615m), a decrease compared with the prior year as the Group reverted to a more customary level of operating cash generation following the particularly strong performance in the prior year; net cash inflow from total operating activities was £402m (2016: £522m), net cash generated by investing activities was £81m (2016: net cash outflow of £18m), including £156m (2016: £82m) of net business disposal proceeds and net cash outflow from financing activities was £570m (2016: £307m). Cash, cash equivalents and overdrafts at 31 December 2017 were £571m (2016: £672m), a net decrease including the impact of exchange rate movements of £101m (2016: net increase of £284m). The Group's statutory cash flow is presented in full on page 135.

Net debt

The Group's net debt as at 31 December 2017 was £1,487m (December 2016: £1,670m). The Group's net debt to Adjusted EBITDA ratio improved to 2.4x (2016: 2.8x). A detailed reconciliation of movements in net debt is provided on page 59.

Net debt maturity

In May 2017, the Group's credit rating was affirmed by Standard & Poor's as BBB- (negative). As of 31 December 2017 the Group had liquidity of £1,571m (2016: £1,692m) comprising cash, cash equivalents and bank overdrafts of £571m (2016: £672m) and unutilised but committed facilities of £1bn (2016: £1bn). The Group issued a €500m Public Bond in June 2017 which matures in June 2024 and pays an annual coupon of 1.5%.

The next debt maturities are £44m and $224m US Private Placement notes due in July 2018 and a €500m Public Bond due in December 2018. The Group has good access to capital markets and a diverse range of finance providers. Borrowings are principally in Sterling, US dollars and Euros, reflecting the geographies of significant operational assets and profits.

The Group's main sources of finance and their applicable rates as of 31 December 2017 are set out below:

				Year of redemption and amounts (£m)[b]							
Debt instrument/Year of issue	Nominal amount[a]	Issued interest rate	Post hedging average interest rate	2018	2019	2020	2021	2022	2023	2024	Total
US PP 2008	£44m	7.56%	7.56%	44							44
US PP 2007	US$250m	5.96% – 6.06%	2.20%		107			78			185
US PP 2008	US$298.5m	6.78% – 6.88%	6.90%	154		55					209
Public Bond 2012	€500m	2.63%	2.62%	417							417
Public Bond 2009	£350m	7.75%	7.75%		350						350
Public Bond 2016	€500m	1.5%	2.24%						448		448
Public Bond 2017	€500m	1.5%	3.21%							421	421
Revolving Credit Facility 2015[c]	£1bn (multi-currency)	Undrawn	Undrawn								–
				615	457	55	-	78	448	421	2,074

a. Nominal debt amount, for fair value carrying amount see note 31.

b. Translated at exchange rates prevailing at 31 December 2017 or hedged exchange rates where applicable.

c. £964m of the original £1bn multi-currency revolving credit facility matures in January 2022 with the remainder maturing in January 2021. As at 31 December 2017 there were no drawings from the facility.

The Group's average cost of gross borrowings in 2017, net of interest hedging, was 4.1% (2016: 4.1%).

Financing and treasury activities

The Group's treasury function is responsible for ensuring the availability of cost-effective finance and for managing the Group's financial risk arising from currency and interest rate volatility and counterparty credit. Group Treasury is not a profit centre and is not permitted to speculate in financial instruments. The treasury department's policies are set by the board. Treasury is subject to the controls appropriate to the risks it manages, which are discussed in note 31 on pages 168 to 172.

To assist the efficient management of the Group's interest costs, the Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. The Group presents pooled cash and overdrafts gross in the Consolidated statement of financial position.

Other information

Significant exchange rates applicable to the Group

The Group derives a significant portion of its revenue and profits in the currencies shown below, with their respective closing and average rates.

	As at 31 December 2017	At 2017 average rates	As at 31 December 2016	At 2016 average rates
£/US$	1.3524	1.2964	1.2345	1.3558
£/€	1.1250	1.1453	1.1705	1.2265
£/South Africa Rand	16.7557	17.3187	16.9300	19.8742
£/India Rupee	86.3531	84.3570	83.8670	91.0371
£/Israel Shekel	4.6951	4.6484	4.7483	5.1912
£/Brazil Real	4.4794	4.1506	4.0165	4.7252

Applying December 2017 closing rates to the Group's statutory results for the year to 31 December 2017 would result in a decrease in revenue of 1.9% to £7,680m (for the year ended 31 December 2016: increase of 2.5% to £7,782m) and a decrease in Adjusted PBITA of 1.9% to £482m (for the year ended 31 December 2016: increase by 2.5% to £473m).

The weakening of average Sterling exchange rates compared with the prior year led to an increase in revenue of 4.5% and an increase in Adjusted PBITA of 4.7% as explained above. The impact of exchange rate movements reduced the Group's net debt by £2[illegible]m compared with the prior year.

Dividend

In assessing the dividend, the board considers:

- future investment requirements;
- the Group's pension obligations;
- net debt to Adjusted EBITDA;
- the availability of distributable reserves in the parent company; and
- reward to shareholders.

Following the achievement of the Group's leverage-reduction target, the directors propose a 5% increase in the final dividend to 6.11p (DKK 0.5097) per share (2016: 5.82p per share, DKK 0.5029), reflecting the board's confidence in the Group's performance and prospects. Our dividend policy is to increase the dividend in line with the long-term growth in earnings. The interim dividend was 3.59p (DKK 0.2948) per share and the total dividend, if approved, will be 9.70p (DKK 0.8045) per share, an increase of 3.1% compared with 2016 (for the year ended 31 December 2016, the interim dividend was 3.59p, DKK 0.3143 and the total dividend was 9.41p, DKK 0.8172).

The proposed dividend cover is 1.8x (2016: 1.8x) on adjusted earnings from core businesses.

Pensions

As at 31 December 2017 the net defined benefit pension obligation in the Consolidated statement of financial position was £381m (2016: £437m) of which £283m (2016: £341m) related to material funded defined benefit schemes. Net of related deferred tax balances, the Group's net pension obligation was £318m (2016: £368m).

The most significant of the Group's pension schemes is in the UK and accounts for over 88% (2016: 94%) of the Group's total material scheme obligations. The scheme has approximately 30,000 members and further details of the make-up of the scheme are given in note 32 on page 174.

	2017 £m	2016 £m
Scheme assets	**2,345**	2,339
Obligations	**(2,595)**	(2,659)
Net UK obligations	**(250)**	(320)

The reduction in the UK scheme net obligations reflected a decrease in the scheme obligations of £64m partially offset by an increase of £6m in the value of scheme assets. The decrease in the obligations is a result of the discount rate used for valuation purposes increasing to 2.55% (2016: 2.50%), the projected pension inflation rates decreasing to 3.2% (2016: 3.3%), and the payment of scheduled deficit repair contributions of £40m (2016: £39m) during the year. The Group will pay pension deficit repair contributions of £41m in 2018 in line with the agreed contribution schedule. The next funding valuation is due in 2018, following which future contributions will be subject to review and potential renegotiation.

Interest-rate risk and interest-rate swaps

The Group's investments and borrowings at 31 December 2017 were a mix of fixed rates of interest and floating rates of interest linked to LIBOR and EURIBOR.

The March 2007 and July 2008 private placement notes and the May 2009, December 2012, November 2016 and June 2017 public notes were all issued at fixed rates, whilst the Group's investments and bank borrowings were all at variable rates of interest linked to LIBOR and EURIBOR.

The Group's interest-risk policy requires Treasury to fix a proportion of its interest exposure on a sliding scale in US dollars, Sterling and Euro, using the natural mix of fixed and floating interest rates emanating from the bond and bank markets and by utilising interest-rate and cross-currency swaps. Part of the proceeds of the private placement and public notes have been swapped to floating interest rates, and accounted for as fair-value hedges, with a net gain in the hedges at 31 December 2017 of £14m (2016: net gain £27m). The market value of the pay-fixed receive-variable swaps and the pay-fixed receive-fixed cross-currency swaps outstanding at 31 December 2017, accounted for as cash-flow hedges and net-investment hedges, was a net asset of £59m (2016: net asset of £31m).

Foreign currency

The Group has many overseas subsidiaries and joint ventures, denominated in various different currencies. Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/Adjusted EBITDA ratio by holding foreign-currency denominated loans, cross-currency swaps and to a lesser extent forward-currency contracts.

At 31 December 2017, the Group's US dollar and Euro net assets were approximately 91% and 90% respectively, hedged by foreign currency debt. As at 31 December 2017, net debt held in US dollars and Euros, and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.3x Adjusted EBITDA generated from these currencies (2016: 2.2x Adjusted EBITDA).

Tax policy

The Group's tax policy is set out at g4s.com/taxstrategy.

Corporate governance

The Group's policies regarding risk management and corporate governance are set out in the Risk management section on pages 60 to 63 and in the Corporate governance report on page 84.

Business performance – Alternative Performance Measures (APMs)

Basis of preparation

In the following review, to aid comparability, 2016 prior year results are presented on a constant-currency basis by applying 2017 average exchange rates, unless otherwise stated.

Summary Group results

Year ended 31 December 2017 (at 2017 average exchange rates)

£m	Core businesses[a]	Onerous contracts	Portfolio businesses[b]	Restructuring	Acquisition-related amortisation and other[c]	Statutory
Revenue	7,427	119	282			7,828
Adjusted PBITA[a]	496	–	(5)			491
Profit before tax	383	(19)	(7)	(20)	49	386
Tax	(92)	4	(7)	4	(37)	(128)
Profit after tax	291	(15)	(14)	(16)	12	258
Earnings[d]	277	(15)	(15)	(16)	5	236
EPS[d]	17.9p	(1.0)p	(1.0)p	(1.0)p	0.3p	15.2p
Operating cash flow[e]	527	(13)	(7)	(19)	–	488

Year ended 31 December 2016 (at 2017 average exchange rates)

£m	Core businesses[a]	Onerous contracts	Portfolio businesses[b]	Restructuring	Acquisition-related amortisation and other[c]	Adjusted statutory[f]
Revenue	7,195	115	617			7,927
Adjusted PBITA[a]	476		6			482
Profit before tax	375	–		(13)	(52)	311
Tax	(90)		(3)	3	9	(81)
Profit after tax	285		(2)	(10)	(43)	230
Earnings[d]	262	–	(3)	(10)	(42)	207
EPS[d]	16.9p	-	(0.2)p	(0.6)p	(2.7)p	13.4p
Operating cash flow[e]	633	(10)	10	(18)	-	615

Year ended 31 December 2016 (at 2016 average exchange rates)

£m	Core businesses[a]	Onerous contracts	Portfolio businesses[b]	Restructuring	Acquisition-related amortisation and other[c]	Statutory
Revenue	6,896	2	582			7,590
Adjusted PBITA[a]	455	–	6			461
Profit before tax	354		1	(12)	(47)	296
Tax	(85)	-	(2)	2	9	(76)
Profit after tax	269	-	(1)	(10)	(38)	220
Earnings[d]	247	-	(2)	(10)	(37)	198
EPS[d]	16.0p	-	(0.1)p	(0.6)p	(2.4)p	12.8p
Operating cash flow[e]	633	(10)	10	(18)	-	615

a Results from core businesses presented at constant exchange rates other than for operating cash flow exclude results from portfolio businesses identified for sale or closure and from onerous contracts. For the Group's 2017 results, continuing businesses have been renamed core businesses to provide a clear distinction from the Group's statutory results from continuing operations. In addition, PBITA has been renamed 'Adjusted PBITA' to reflect the exclusion of specific and separately disclosed items set out on page 35. Core businesses and Adjusted PBITA are defined and calculated in exactly the same way as continuing businesses and PBITA were previously defined and calculated. The basis of preparation of results of core businesses and an explanation of Alternative Performance Measures, including Adjusted PBITA, are provided on page 35.

b Portfolio businesses that remain part of the Group, having not yet been sold or closed, contributed £158m revenue (2016: £167m at 2017 average exchange rates, £155m at 2016 average exchange rates) and a loss of £9m to Adjusted PBITA (2016: loss of £21m at 2017 average exchange rates, £20m at 2016 average exchange rates).

c Other includes net specific items (other than those presented within onerous contracts), net profit on disposal/closure of subsidiaries/businesses, the results of discontinued operations and, in 2016, goodwill impairment. The associated tax impact of these net specific items is recorded within the tax charge within 'other'. In addition, tax specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are also included within the tax charge within 'other'. The full accounting policy regarding specific and other separately disclosed items is provided on page 36.

d Earnings is defined as profit attributable to equity shareholders of G4S plc. Adjusted Earnings and Adjusted Earnings per share ("EPS") from core businesses exclude specific and other separately disclosed items, and likewise the tax impact of those specific and other separately disclosed items and the impact of tax specific charges or credits unrelated to those specific and other separately disclosed items, as explained on page 36. Adjusted Earnings and Adjusted EPS from core businesses are reconciled to statutory earnings and statutory EPS above.

e Operating cash flow is defined on page 36 and is stated after pension deficit contributions of £40m (2016: £39m) and, for the year ended 31 December 2016, is presented at 2016 average exchange rates. Operating cash flow from core businesses is reconciled to the Group's movements in net debt on page 50. Statutory operating cash flow is net cash flow from operating activities of continuing operations.

f The adjusted statutory figures represent the comparative 2016 statutory results translated at 2017 average exchange rates (other than for operating cash flow), but should not be considered as or used in place of the Group's statutory results.

Results from core businesses

At 2017 average exchange rates (other than operating cash flow)	2017 £m	2016 £m	YoY %
Revenue	**7,427**	7,195	3.2%
Adjusted profit before interest, tax and amortisation (Adjusted PBITA[a])	**496**	476	4.2%
Adjusted PBITA[a] margin	**6.7%**	6.6%	+10bp
Interest	**(113)**	(101)	11.9%
Adjusted profit before tax[a]	**383**	375	2.1%
Tax	**(92)**	(90)	2.2%
Adjusted profit after tax[a]	**291**	285	2.1%
Non-controlling interests	**(14)**	(23)	(39.1)%
Adjusted earnings[a] (profit attributable to equity holders of the parent)	**277**	262	5.7%
Adjusted EPS[a]	**17.9p**	16.9p	5.9%
Operating cash flow[a,b]	**527**	633	(16.7)%

a Alternative Performance Measures ("APMs") for core businesses are explained on pages 35 and 36 and are reconciled to the Group's statutory results on page 44

b Operating cash flow for 2016 is shown at actual 2016 exchange rates

Revenue

At £2.7bn, emerging markets revenues increased 1.5% on the prior year, with growth in all regions except for Middle East & India, and represented 37% of Group revenue (2016 37%). Developed markets' revenues were 4.3% higher than the prior year with 6.0% growth in North America, 3.9% in Europe and 2.1% in UK & Ireland. Revenue from Cash Solutions was up 2.3% on 2016 and from Secure Solutions was up 3.4% on 2016.

Adjusted PBITA

Adjusted PBITA of core businesses of £496m (2016 £476m) was up 4.2%. This growth reflects the strong performance of the Group in developed markets, improved product mix and the results of our on-going productivity programmes partially offset by the weaker trading in the Middle East & India. Overall, the Adjusted PBITA margin increased to 6.7% (2016 6.6%) with improvements delivered in six out of the seven regions.

Interest

Net interest payable on net debt from core businesses was £90m (2016 £85m). The increase in 2017 was primarily due to a temporary increase in gross borrowings (matched by an increase in cash balances) following the issuance of a €500m Public Bond in November 2016 and a €500m Public Bond in June 2017 that were used mainly to re-finance the March and May 2017 debt maturities in addition to drawings on the Revolving Credit Facility. Net other finance costs of £12m (2016 £6m) increased compared with the prior year due to an additional £2m relating to discount unwound on provisions, a £2m charge in respect of overseas tax settlements, and a £2m indebtedness-related foreign exchange gain recognised in 2016.

The pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £11m (2016 10m), resulting in a total net interest cost of £113m (2016 £101m).

Tax

A tax charge of £92m (2016 £90m) was incurred on the adjusted profits of core businesses of £383m (2016 £375m) which represents an effective tax rate of 24% (2016 24%). The effective tax rate is a function of a variety of factors, with the most predominant being the geographic mix of the Group's taxable profits and the respective country tax rates, the recognition of and changes in the value of deferred tax assets and liabilities, permanent differences such as expenses disallowable for tax purposes, and irrecoverable withholding taxes.

At any point in time the Group is typically subject to tax audits in a number of different countries. In situations where a difference of opinion arises between the Group and a local tax authority in respect of its tax filings, the Group will debate the contentious areas and, where necessary, resolve them through negotiation or litigation. The Group relies upon advice and opinions from the Group tax department, local finance teams and external advisors, to ensure that the appropriate judgments are arrived at in establishing appropriate accounting provisions in relation to such disputes.

Non-controlling interests

Profit from core businesses attributable to non-controlling interests was £14m in 2017, a decrease from £23m for 2016, reflecting the non-controlling partners' share of the lower level of profitability of certain businesses in the Middle East & India region.

Adjusted profit for the year ("adjusted earnings") – core businesses

The Group generated adjusted profit from core businesses attributable to equity holders ("adjusted earnings") of £277m (2016: £262m), an increase of 5.7% for the year ended 31 December 2017.

Adjusted earnings per share

Adjusted earnings per share from core businesses increased to 17.9p (2016: 16.9p), based on the weighted average of 1,548m (2016: 1,546m) shares in issue. A reconciliation of adjusted profit for the year from core businesses to Adjusted EPS is provided below.

	Adjusted earnings per share – core businesses		
	2017 £m	2016 at constant exchange rates £m	2016 at actual exchange rates £m
Adjusted profit for the year from core businesses	**291**	285	269
Non-controlling interests	**(14)**	(23)	(22)
Adjusted profit attributable to equity holders of the parent (earnings)	**277**	262	247
Average number of shares (m)	**1,548**	1,546	1,546
Adjusted earnings per share – core businesses	**17.9p**	16.9p	16.0p

Onerous contracts

The Group's onerous contracts generated revenues of £119m (2016: £115m) for the year ended 31 December 2017. The Group recognised additional provisions of £19m (2016: £4m), classified as specific items, primarily related to the anticipated total losses over the next 15 to 20 years in respect of certain UK contracts. It is expected that around 60% of the Group's total provision for onerous customer contracts of £62m will be utilised by the end of 2020.

Portfolio operations

The Group made further progress with its portfolio management programme in the year. This programme has greatly improved the Group's strategic focus and has also generated approximately £510m in disposal proceeds in relation to the 38 businesses sold up to 31 December 2017. Disposals in the year include the Group's businesses in Israel and Bulgaria, its cash businesses in Peru and Paraguay, the US Youth Services business and the UK children's homes business, generating total gross proceeds of £166m. Since the year end, and up to the date of this report, a further three businesses have been sold, generating additional gross proceeds of £9m. The portfolio programme is considered to be substantially complete at 31 December 2017. Since 30 June 2017 there have been no changes to the portfolio businesses other than the completion of some minor disposals. Going forwards no further transfers into or out of the portfolio businesses will occur.

2017 core business[a] reconciliation

The table below reconciles 2017 results from core businesses as they would have been presented based on the core businesses classified as such in 2016 to 2017 results from core businesses as presented in the 2017 results

Results from core businesses For the year ended 31 December 2017	2017 Results based on 2016 core businesses £m	New onerous contracts in 2017[b] £m	Onerous contracts reclassified to core businesses in 2017[c] £m	Businesses reclassified to portfolio in 2017[d] £m	Businesses reclassified from portfolio in 2017[e] £m	2017 Results based on 2017 core businesses £m
Revenue						
Africa	**457**		–	–		**457**
Asia Pacific	**736**	–	–	–	–	**736**
Latin America	**700**	–		(7)	–	**693**
Middle East & India	**845**		–			**845**
Emerging markets	**2,738**	–	–	(7)	–	**2,731**
Europe	**1,356**	–	–	–	–	**1,356**
North America	**2,006**	–		–	–	**2,006**
UK & Ireland	***1,251***	*(5)*	*73*	–	15	***1,334***
Developed markets	**4,613**	(5)	73	–	15	**4,696**
Total revenue	**7,351**	(5)	73	(7)	15	**7,427**
Adjusted PBITA						
Africa	**46**	–	–		–	**46**
Asia Pacific	**65**	–	–	–		**65**
Latin America	**29**		–		–	**29**
Middle East & India	**58**					**58**
Emerging markets	**198**	–		–		**198**
Europe	**104**		–	–	–	**104**
North America	**123**	–	–		–	**123**
UK & Ireland	***118***		–		2	***120***
Developed markets	**345**	–	–		2	**347**
Total Adjusted PBITA before corporate costs	**543**	–	–	–	2	**545**
Corporate costs	**(49)**			–	–	**(49)**
Total Adjusted PBITA	**494**	–	–		2	**496**
Earnings	**276**	–	–	–	1	**277**
Operating cash flow[f]	**532**	–	(6)	(1)	2	**527**

a See basis of preparation on page 44

b In 2017 the performance of an additional contract in the UK & Ireland, previously categorised within core businesses, has deteriorated such that it is now considered onerous. We have therefore reported the results of this contract in onerous contracts in 2017 and have re-presented the 2016 results accordingly.

c In 2017 the performance of three UK & Ireland contracts previously categorised as onerous has improved such that they are no longer onerous. We have therefore reported the results of these contracts in core businesses in 2017 and have restated the 2016 results accordingly.

d Also in 2017 we determined that the Group would exit three minor operations in Latin America, and the results of these businesses are therefore reported within portfolio businesses in 2017 with the 2016 results re-presented accordingly overleaf.

e In 2017 the performance of a business in the UK & Ireland, previously categorised within portfolio operations, improved such that the Group formally concluded to retain it. We have therefore reported the results of this business in core businesses in 2017 and re-presented the 2016 comparatives accordingly.

f Operating cash flow is stated after pension deficit contributions of £40m and is shown at actual 2016 exchange rates

Re-presentation of prior year results from core businesses[a]

The table below reconciles revenue and Adjusted PBITA from core businesses as reported previously to the re-presented prior year revenue and Adjusted PBITA from core businesses.

Results from core businesses For the year ended 31 December 2016	As previously reported £m	Onerous contracts reclassified to core businesses in 2017[b] £m	Businesses reclassified to portfolio[c] £m	Businesses reclassified from portfolio[d] £m	Re-presented at 2016 exchange rates £m	Exchange rate movements £m	Re-presented at 2017 exchange rates £m
Revenue							
Africa	**422**		–	–	**422**	9	431
Asia Pacific	**679**		–	–	**679**	36	715
Latin America	**621**	–	(9)	–	**612**	43	655
Middle East & India	**842**		–	–	**842**	48	890
Emerging markets	**2,564**	–	(9)		**2,555**	136	2,691
Europe	**1,224**	–	–	–	**1,224**	81	1,305
North America	**1,817**	–			**1,817**	75	1,892
UK & Ireland	**1,218**	70	–	12	**1,300**	7	1,307
Developed markets	**4,259**	70	–	12	**4,341**	163	4,504
Total revenue	**6,823**	70	(9)	12	**6,896**	299	7,195
Adjusted PBITA							
Africa	**42**		–	–	**42**	1	43
Asia Pacific	**57**	–	–	–	**57**	3	60
Latin America	**23**		(1)	–	**22**	2	24
Middle East & India	**76**		–		**76**	5	81
Emerging markets	**198**	–	(1)		**197**	11	208
Europe	**85**	–	–	–	**85**	6	91
North America	**111**	–	–		**111**	4	115
UK & Ireland	**110**	–		2	**112**	–	112
Developed markets	**306**	–		2	**308**	10	318
Total Adjusted PBITA before corporate costs	**504**	–	(1)	2	**505**	21	526
Corporate costs	**(50)**	–	–	–	**(50)**	–	(50)
Total Adjusted PBITA	**454**	–	(1)	2	**455**	21	476
Earnings	**246**	–	–	1	**247**	15	262
Operating cash flow[e]	**638**	(6)	(1)	2	**633**	–	633

a See basis of preparation on page 44

b In 2017 the performance of three UK & Ireland contracts previously categorised as onerous has improved such that they are no longer onerous. The results of these contracts are therefore reported in core businesses in 2017 and the 2016 results re-presented accordingly.

c In 2017 we determined that we would exit three minor operations in Latin America and the results of these businesses are therefore reported in portfolio businesses in 2017 and the 2016 results re-presented accordingly.

d Also in 2017, the performance of a business previously reported as a portfolio business in UK & Ireland has improved, and management formally concluded that this business will be retained. The results of this business are therefore reported in core businesses in 2017 and the 2016 results re-presented accordingly.

e Operating cash flow is stated after pension deficit contributions of £39m and is shown at actual 2016 exchange rates.

Restructuring

The Group invested £20m (2016: £13m) in restructuring programmes during the year, mainly in the UK & Ireland and Europe regions, relating to the multi-year strategic productivity programme being implemented across the Group which is now drawing to an end. In addition, the Group incurred non-strategic severance costs of £10m (2016: £9m) which are included within Adjusted PBITA from core businesses. Going forwards the Group has announced a three-year plan to 2020 to implement efficient organisational design and leaner processes which is likely to require further restructuring investment.

Acquisition-related amortisation, specific and separately disclosed items

	2017 £m	2016 at constant exchange rates £m	2016 at actual exchange rates £m
Net specific items	**(15)**	(14)	(13)
Net profit on disposal/closure of subsidiaries businesses	**74**	5	7
Goodwill impairment	**–**	(9)	(9)
Acquisition-related amortisation	**(10)**	(34)	(32)
Acquisition-related amortisation, specific and separately disclosed items before tax	**49**	(52)	(47)
Tax charges arising on acquisition-related amortisation, specific and separately disclosed items	**(18)**	9	9
Tax impact of US Tax Cuts and Jobs Act	**(19)**	–	–
Acquisition-related amortisation, specific and separately disclosed items after tax	**12**	(43)	(38)
Loss from discontinued operations	**(6)**	(3)	(3)
Non-controlling interests' share of acquisition-related amortisation, specific and separately disclosed items	**(1)**	4	4
Total acquisition-related amortisation, specific and separately disclosed items – impact on earnings	**5**	(42)	(37)

Net specific items

Specific items resulted in a net charge of £15m (2016: £14m), comprising £6m related to the estimated cost of settlement of subcontractor claims from commercial disputes in respect of prior years, and £9m related mainly to the settlement of labour-related disputes in respect of prior years in North America and Latin America. Specific items in 2016 included an £11m charge due to the revision of estimates relating to legacy acquisitions and labour claims in Latin America, £7m relating to commercial restructuring in Middle East & Africa, and a net £4m supplementary onerous contract provision primarily in respect of the Compass asylum seekers contract, all offset by an £8m credit relating mainly to the recovery of a legal claim in Europe and of certain disputed debtor balances in the UK.

Profit on disposal and closure of subsidiaries/businesses and goodwill impairment

As part of the portfolio programme, the Group realised a net profit of £74m (2016: £5m) relating to the disposal of a number of the Group's operations including the Group's businesses in Israel and Bulgaria, the US Youth Services business, the UK children's homes business and the Group's cash businesses in Peru and Paraguay. The Group recorded a goodwill impairment charge in the prior year of £9m in relation to businesses to be sold or closed.

Acquisition-related amortisation

Acquisition-related amortisation of £10m (2016: £34m) is lower than the prior year as certain intangible assets recognised on a number of legacy acquisitions became fully amortised in 2016.

Tax charges arising on acquisition-related amortisation, specific and other separately disclosed items

Tax charges arising on acquisition-related amortisation, specific and other separately disclosed items of £18m (2016: tax credit of £9m) relate primarily to the disposal of subsidiaries in the United States, Peru and Paraguay.

Tax impact of US Tax Cuts and Jobs Act ("US tax reform")

On 22 December 2017, the US tax legislation known as the Tax Cuts and Jobs Act was signed into law by the US President and introduced significant changes in US tax laws with effect from 1 January 2018. As this legislation is considered to be substantively enacted as at 31 December 2017, any tax effects of the legislation arising in 2017 have been taken into account.

For 2017, the changes in legislation resulted in a separately disclosed one-off charge to the income statement of £19m arising from the re-measurement and impairment of deferred tax assets due to the reduction in the US federal tax rate and from the impairment of foreign tax credits which are no longer expected to be recovered in future periods against foreign source income.

On the basis of information currently available and from analysis completed since the legislation was enacted, the above are likely to be the most significant impacts for the Group. However, as more detailed analysis and future legislative guidance become available, it is possible that the Group may be further impacted in the current and subsequent years by the legislative changes.

Reconciliation between statutory operating profit and net debt

A reconciliation between operating profit as presented in the Group's Consolidated income statement to movement in net debt is presented below with 2017 amounts presented at actual rates for the year and the prior year amounts presented at 2016 average exchange rates

	2017 £m	2016 £m
Operating profit	**501**	402
Adjustments for non-cash and other items (see page 135)	**40**	126
Net working capital movement	**(53)**	87
Net cash flow from operating activities of continuing operations (page 135)	**488**	615
Adjustments for:		
Restructuring spend	**19**	18
Cash flow from continuing operations	**507**	633
Analysed between:		
Core businesses	*527*	*633*
Onerous contracts	*(13)*	*(10)*
Portfolio businesses	*(7)*	*10*
Investment in the business		
Purchase of fixed assets, net of disposals	**(104)**	(107)
Restructuring investment	**(19)**	(18)
Disposal of subsidiaries businesses	**156**	82
Acquisition of subsidiaries	**(1)**	(1)
Net debt in disposed/acquired entities	**(11)**	(15)
New finance leases	**(3)**	(7)
Net investment in the business	**18**	(66)
Net cash flow after investing in the business	**525**	567
Other uses of funds		
Net interest paid	**(78)**	(96)
Tax paid	**(86)**	(84)
Dividends paid	**(179)**	(162)
Purchase of own shares	**(10)**	-
Cash used by discontinued operations	**–**	(9)
Transactions with non-controlling interests	**(16)**	(2)
Other	**6**	8
Net other uses of funds	**(363)**	(345)
Net decrease in net debt before foreign exchange movements	**162**	222
Net debt at the beginning of the year	**(1,670)**	(1,782)
Effect of foreign exchange rate fluctuations	**21**	(110)
Net debt at the end of the year	**(1,487)**	(1,670)

Cash flow from continuing operations before restructuring spend was £507m (2016: £633m). Cash outflow from portfolio businesses *held for sale or closure was £7m (2016: £10m inflow), and cash outflow from onerous contracts was £13m (2016: £10m), both of* which were excluded from operating cash flows for core businesses. Operating cash flow from core businesses reduced to £527m (2016: £633m) as the Group reverted to a more customary level of operating cash generation following the particularly strong performance in the prior year.

The Group invested £104m (2016: £107m) in net capital expenditure and received net proceeds of £156m (2016: £82m) from the disposal of businesses. The Group made no significant acquisitions during the year.

Net cash inflow after investing in the business was £525m (2016: £567m). The Group's net cash outflow after investing in the business, financing, tax, dividends and pensions was £162m (2016: inflow of £222m).

The Group's net debt as at 31 December 2017 was £1,487m (December 2016: £1,670m).

Tim Weller
Chief Financial Officer

2017 REGIONAL AND SEGMENTAL REVIEW – CORE BUSINESSES

At 2017 average exchange rates	Revenue 2017 £m	Revenue 2016 £m	YoY %	Organic growth* %	Adjusted PBITA 2017 £m	Adjusted PBITA 2016 £m	YoY %
Africa	**457**	431	6.0%	6.0%	**46**	43	7.0%
Asia Pacific	**736**	715	2.9%	2.9%	**65**	60	8.3%
Latin America	**693**	655	5.8%	5.8%	**29**	24	20.8%
Middle East & India	**845**	890	(5.1%)	(5.1%)	**58**	81	(28.4%)
Emerging markets	**2,731**	2,691	1.5%	1.5%	**198**	208	(4.8%)
Europe	**1,356**	1,305	3.9%	3.9%	**104**	91	14.3%
North America	**2,006**	1,892	6.0%	6.0%	**123**	115	7.0%
UK & Ireland	**1,334**	1,307	2.1%	2.1%	**120**	112	7.1%
Developed markets	**4,696**	4,504	4.3%	4.3%	**347**	318	9.1%
Total Group before corporate costs	**7,427**	7,195	3.2%	3.2%	**545**	526	3.6%
Corporate costs					**(49)**	(50)	2.0%
Total Group	**7,427**	7,195	3.2%	3.2%	**496**	476	4.2%

* Organic growth is calculated based on revenue growth at 2017 average exchange rates, adjusted to exclude the impact of any acquisitions or disposals during the current or prior year

Regional and service line financial performance

The Group's business performance reporting for internal management presents results for core businesses, onerous contracts and portfolio operations both separately and in total, analysed between segments based on geographic regions. The Group's segmental results for core businesses are presented above excluding onerous contracts and portfolio operations identified for sale or closure. A reconciliation between *results from core businesses and statutory results* by segment is presented below, and a reconciliation at total Group level can be found on page 44. All commentary, results and tables on pages 51 to 59 are presented for results from core businesses only, with prior year comparatives presented at constant exchange rates, unless stated otherwise.

Regional summary (see pages 52 to 58)

During 2017, Group revenues grew 3.2% to £7.4bn, with strong growth in North America (up 6.0%), helped by Retail Cash Solutions, broad growth in most emerging markets except Middle East & India and in Europe (3.9%), and stable growth in the UK & Ireland region at 2.1%. Adjusted profit before interest, tax and amortisation (Adjusted PBITA) increased 4.2% to £496m, with the Adjusted PBITA margin 10bp higher at 6.7% with weak performance in Middle East & India offsetting strong performances in the other six regions which were helped by revenue growth and productivity improvements.

6.0%
Organic revenue growth in North America in 2017

	For the year ended 31 December 2017				For the year ended 31 December 2016					
	Statutory results £m	Portfolio operations £m	Onerous contracts £m	Core businesses £m	Statutory results £m	Portfolio operations £m	Onerous contracts £m	Core businesses at 2016 average exchange rates £m	Exchange movements £m	Core businesses at 2017 average exchange rates £m
Revenue										
Africa	**548**	**(91)**	–	**457**	501	(79)	–	422	9	431
Asia Pacific	**761**	**(25)**	–	**736**	714	(35)	-	679	36	715
Latin America	**732**	**(39)**	–	**693**	660	(48)		612	43	655
Middle East & India	**852**	**(7)**	–	**845**	859	(17)	–	842	48	890
Europe	**1,490**	**(93)**	**(41)**	**1,356**	1,441	(176)	(41)	1,224	81	1,305
North America	**2,029**	**(23)**	–	**2,006**	1,904	(87)	-	1,817	75	1,892
UK & Ireland	**1,416**	**(4)**	**(78)**	**1,334**	1,511	(140)	(71)	1,300	7	1,307
Total revenue	**7,828**	**(282)**	**(119)**	**7,427**	7,590	(582)	(112)	6,896	299	7,195
Adjusted PBITA										
Africa	**39**	**7**	–	**46**	35	7	-	42	1	43
Asia Pacific	**65**	–	–	**65**	56	1		57	3	60
Latin America	**28**	**1**	–	**29**	15	7	–	22	2	24
Middle East & India	**56**	**2**	–	**58**	76		-	76	5	81
Europe	**109**	**(5)**	–	**104**	95	(10)		85	6	91
North America	**124**	**(1)**	–	**123**	115	(4)		111	4	115
UK & Ireland	**119**	**1**	–	**120**	119	(7)		112	-	112
Total Group before corporate costs	**540**	**5**	–	**545**	511	(6)		505	21	526

IMAGE REMOVED

Emerging market
AFRICA

2017 HIGHLIGHTS – CORE BUSINESSES

+6.0%
Organic growth

119,000
Employees

$8bn
Africa security market in 2015*

7.0%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
457	431	+6.0%	**46**	43	7.0%

* Freedonia World Security Services Report January 2017

Key customer sectors – mining, oil and gas, retail, energy, agriculture and financial services

G4S is the largest provider of integrated security solutions in the region, with operations in 23 African countries. The region's largest countries by revenue are South Africa and Kenya.

Revenue growth across the Africa region was 6.0%, with growth in both secure solutions and cash solutions. Cash solutions revenue growth benefited from continued strong growth in cash volumes and retail solutions such as Deposita, which uses technology and software to service the retail and banking sectors. Adjusted PBITA increased by 7.0%.

New and renewed contracts won across the region include manned security, security technology and systems and risk management services work for multi-lateral agencies.

Our sales and business development opportunities in Africa is broad based, covering more than 20 countries and key sectors such as aviation, banking, mining, consumables, telecomms and oil and gas.

CAPITEC/DEPOSITA

Values	Safety, Security and Service Excellence
	Innovation and Teamwork

Following a number of years in development, G4S subsidiary Deposita launched a bank-branch automation solution in 2017 for Capitec, the fastest-growing banking group in Africa. We have the technology installed and operating in 160 branches of this major bank, and we expect that to continue to grow with this client and with others. The technology reduces the cost of handling cash and improves customer service. We provide hardware, software, real-time banking integration, same day value for the clients of our bank customers, service in the branch or support in the launch stage of this product, and then remote service and support.

IMAGE REMOVED

Emerging market

ASIA PACIFIC

2017 HIGHLIGHTS – CORE BUSINESSES

+2.9%
Organic growth

56,000
Employees

$42bn
Asia Pacific security market in 2015*

8.3%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
736	715	+2.9%	**65**	60	8.3%

* Freedonia World Security Services Report January 2017

IMAGE REMOVED

Key customer sectors – banking, retail, *government, manufacturing and energy*

G4S is the leading security provider in the Asia Pacific region with operations in 21 countries.

Hong Kong and Thailand.

Revenue growth in Asia Pacific was 2.9% and Adjusted PBITA increased by 8.3%, reflecting the benefits of our productivity programmes and a favourable revenue mix

We secured new and renewed contracts across a broad range of sectors including financial services consumer products and government services in Australia. We won our 100th customer for retail and banking solutions in the region in February 2018

Across the region we have a diverse set of new business opportunities in security, cash management and care and, in Australia, justice services

STANDARD CHARTERED BANK/ASIA PACIFIC, MIDDLE EAST & INDIA

Values	Safety, Security and Service Excellence
	Innovation and Teamwork

Building on an existing strong relationship with Standard Chartered Bank (SCB) which has been in place for more than 20 years and where currently G4S provides Cash and/or Secure Solutions support in more than 20 countries for SCB

In 2017 SCB embarked on a group project with G4S to address the bank's strategic goal of digitising the cash collection process for its corporate customers using the CASH360 solution.

The programme will launch in Q1 2018 in Indonesia where there is a significant appetite from their large corporate clients to deploy cash depositary machines in client premises, with plans to roll-out the model in a structured manner across other SCB franchise markets.

Where appropriate the Deposita hardware, software and the G4S managed service solution enables SCB to provide same day credit for the customer cash deposited in the CASH360 device with the cash returning directly to the G4S cash processing centre.

The solution provides mutual growth opportunities and improves the efficiency and security of the corporate customer cash handling processes as well as improving the customer's cash flow.

IMAGE REMOVED

IMAGE REMOVED

Emerging market

LATIN AMERICA

2017 HIGHLIGHTS – CORE BUSINESSES

+5.8%
Organic growth

67,000
Employees

$14bn
Latin America security market in 2015*

20.8%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
693	655	+5.8%	**29**	24	20.8%

* Freedonia World Security Services Report, January 2017

Key customer sectors – financial services, extractive, retail, embassies and manufacturing

G4S is a leading integrated Cash Solutions and Secure Solutions provider for commercial and government customers across 16 countries in Latin America, with Brazil, Colombia and Argentina being our largest markets in the region by revenue.

Our revenue growth across Latin America markets was 5.8%, principally driven by growth in Brazil, Argentina and Colombia.

We improved productivity across the region, particularly in Brazil and Adjusted PBITA increased by 20.8%.

During 2017 we continued expanding our footprint and leveraging our expertise winning new contracts in manned security and cash solutions for the banking, retail and mining sectors. Of note is the success winning and retaining US Embassy contracts, renewing the contracts for Barbados, Granada, Trinidad & Tobago and Colombia and growing in the region to Argentina, Paraguay, Saint Lucia, Martinique, Antigua and Peru. The focus on marketing Integrated Solutions brought significant improvements for the technology business.

Whilst competition remains robust and wage inflation needs proactive management, demand for our security and FM services is expected to be positive during 2018 and our businesses are well positioned in our key markets.

LOCALIZA, BRAZIL, LATAM

Values: Innovation and Teamwork

Localiza is the biggest car-rental company in Latin America and is one of the largest in the world by size of its fleet. Previously, Localiza car-rental branches had a cleaning team for each branch, no matter the size or opening hours, which resulted in high costs and complex management. Following an in-depth study by the G4S facilities management business in Brazil, we won a new contract which uses mobile cleaning teams, reducing Localiza costs by 20%, increasing efficiency, and ensuring they maintain high-quality standards of cleaning which are recognised as part of Localiza's service excellence.

IMAGE REMOVED

LEAN PROCESS - FULL OUTLINE

2017 HIGHLIGHTS – CORE BUSINESSES

-5.1%
Organic growth

172,000
Employees

$8bn
Middle East security market in 2015*

-28.4%
Adjusted PBITA decline

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
845	890	(5.1%)	**58**	81	(28.4%)

* Freedonia World Security Services Report January 2017

Key customer sectors – oil and gas, retail, energy, banking and agriculture

IMAGE REMOVED

Emerging market
MIDDLE EAST & INDIA

G4S is the leading security provider in the Middle East & India region, with operations in 19 countries. Our largest countries by revenue are India, Saudi Arabia and UAE.

Revenue in the Middle East & India region was down 5.1% on the prior year as the macro-economic and fiscal environment weighed on the trading in the Gulf. As previously reported, our business in India was adversely impacted in 2017 by the effects of demonetisation and by changes to regulatory processes.

Adjusted PBITA was 28.4% lower across the region, reflecting the decline in revenue. Our businesses in this region have been adjusting to the challenging trading environment and we expect trading to begin to stabilise during 2018.

KUWAIT-AL ZOUR REFINERY

Values	Safety, Security and Service Excellence
SDG	

In 2017, G4S Risk Consulting led a G4S Kuwait bid to win a contract to provide security during the construction of a new world-class refinery to be built by the Kuwait National Petroleum Company.

The refinery will supply both domestic and global market demand for ultra-low sulphur petroleum products. The new refinery is expected to be completed in 2019. G4S won the contract with a consultancy-led security solution, integrating manpower and electronic security equipment to deliver the optimum level of security and cost efficiency.

IMAGE REMOVED

IMAGE REMOVED

Developed market

EUROPE

2017 HIGHLIGHTS – CORE BUSINESSES

+3.9
Organic growth

45,000
Employees

$37bn
European security market in 2015*

14.3%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
1,356	1,305	+3.9%	**104**	91	14.3%

* Freedonia World Security Services Report, January 2017

Key customer sectors – automotive, energy, financial services, aerospace, defence, chemicals, biotechnology, food, aviation and retail

G4S Europe has activities in 21 countries in Scandinavia, Benelux, Southern Europe and Eastern Europe. It has strong market positions in Cash Solutions and around 20% of the region's revenues are security systems-related.

Our sustained investment in Europe in sales, technology and service continued to produce positive results, and revenues rose by 3.9% across all service lines. Adjusted PBITA rose by 14.3% in the region, reflecting the compound benefits of revenue growth and successful productivity programmes.

We established a technology academy in Denmark where our growing technology business has become one of our technology centres of excellence, supporting product and service development across the region.

In Cash Solutions, we continued to grow our annuity revenues from CASH360, won a large new CASH360 contract with one of the largest retailers in the Netherlands to be implemented from Q1 2018. We have also recently launched a new service in Europe, G4S Pay, which includes an electronic payment module with CASH360 and is in over 400 locations.

We succeeded in winning new security contracts for aviation and retail customers, electronic monitoring equipment, systems security for infrastructure and cash management and we retained some of the largest contracts in the region through successful rebids in the aviation and banking sectors. Our European pipeline has a large number of opportunities across a diversified range of customer segments.

BRUSSELS AIRPORT

Values	Safety, Security and Service Excellence
	Innovation and Teamwork
SDG	

In 2017, G4S Belgium won a six-year contract to continue to provide security services at Brussels Airport, one of Europe's busiest travel hubs. With a team of 900 employees, G4S will provide terminal security, passenger and remote screening, hold-baggage screening, access control for VIPs, crew and general aviation personnel, and supervisor presence inside the airport authority's operations centre. A ground-breaking approach to the contract helped G4S secure the win. The team developed an 'output'-based contract, working closely with the customer to establish their key performance indicators. Confident that G4S can deliver over and above the customer's requirements, G4S is paid for the services which are successfully delivered.

G4S provides aviation and security services in 120 airports, across 45 countries, as well as working for 85 airlines. In Belgium, G4S also secures Brussels South Charleroi Airport, providing 400 highly-trained personnel

IMAGE REMOVED

2017 HIGHLIGHTS – CORE BUSINESSES

+6.0%
Organic growth

54,000
Employees

$46bn
North American security market in 2015*

7.0%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
2,006	1,892	+6.0%	**123**	115	7.0%

* Freedonia World Security Services Report, January 2017

G4S North America is an integrated Secure Solutions business for commercial customers, with some government contracts including border protection, and has a market-leading innovative cash management solution for retail customers.

In North America, our revenues grew by 6.0%, with good growth rates in both our Cash Solutions and Secure Solutions businesses.

In Cash Solutions, G4S technology-enabled cash management services are now delivered to over 6,900 retail locations across the United States, including over 5,000 in large store formats where G4S has established a market-leading position. We believe that our retail cash solution offers unique customer value and this is reflected in a substantial pipeline and active pilot programmes.

Our Secure Solutions business produced revenue growth of around 5% as our integrated security solutions continued to find traction in the market place. This rate of revenue growth was constrained as we continued to apply commercial discipline in those market locations facing tight labour conditions. In North America we continue to monitor and manage wage inflation, particularly in Canada following recent minimum-wage increases.

Overall in the United States we are managing wage inflation pressure through productivity improvements and commercial discipline and we believe that increased unit labour costs are encouraging customers to move to our integrated security solutions combining G4S security professional personnel with technology. We continue to see good demand for our products and services across the US and Canada.

Adjusted PBITA increased by 7.0%, helped by a favourable revenue mix and efficiency gains, partially offset by the cost of investing in capacity to support our growing integrated secure solutions and retail solutions businesses.

IMAGE REMOVED

Developed market
NORTH AMERICA

MAJOR RETAILER, US

Values	Safety, Security and Service Excellence
	Innovation and Teamwork

In 2017, G4S won a new five-year retail solutions contract for a major US chain of membership-only retail warehouse clubs. The technology began to be installed from the end of September

The benefits for both our bank and retail customers include:

- **Reduced labour costs – our proprietary software automates the compilation of cash till floats and processing**
- **Improved cash flow – the retailer obtains 'same-day' credit and our cloud-based cash management software platform is integrated with the customer's back office, point-of-sale and accounting programmes**
- **Reduced transportation costs – cash is recycled in store**
- **Reduced bank processing fees**

IMAGE REMOVED

IMAGE REMOVED

Developed market

UK & IRELAND

2017 HIGHLIGHTS – CORE BUSINESSES

+2.1%
Organic growth

40,000
Employees

$6bn
UK & Ireland security market in 2015*

7.1%
Adjusted PBITA growth

Revenue £m			Adjusted PBITA £m		
2017	2016	YoY %	2017	2016	YoY %
1,334	1,307	+2.1%	**120**	112	7.1%

* Freedonia World Security Services Report January 2017

G4S is the leading provider of Cash and Secure Solutions in the region, with a broad range of expertise covering specialist-event security, provision of services to the UK Government including Care & Justice services, and *Cash Solutions*.

Revenue in the UK & Ireland increased by 2.1%, with a solid performance in our core businesses, including double-digit growth in our security technology business.

The deployment of integrated security solutions, combining technology and manned security, was instrumental in retaining and expanding a number of our existing contracts and is increasingly relevant in winning new business. We are able to draw on substantial expertise in our UK & Ireland security systems business, supported by product research and development at our UK technology centre.

Revenue from our Care & Justice services and FM businesses was broadly flat as we maintained a disciplined and selective approach to new contract bidding.

Adjusted PBITA increased by 7.1%, reflecting the combination of revenue growth and the benefit of our on-going productivity programmes.

The roll-out of our lean process design for the back-office operations of our manned security business commenced in Ireland in the third quarter of 2017 and we expect it to be implemented in the UK during 2018.

JOBCENTRE PLUS, UK

Values	Integrity and Respect Safety Security and Service Excellence Innovation and Teamwork
SDGs	

In 2017, G4S UK&I won the integrated security contract for the job centres in the UK for the Department of Work & Pensions (DWP). G4S previously had the manned security contract through Telereal Trillium and managed the access control system across most of the estate.

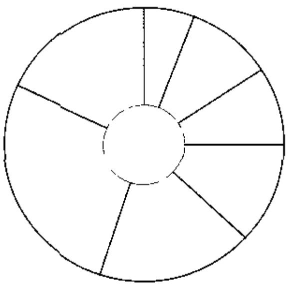
The DWP's objective was to procure a security service allowing for a potential reduction in the number of sites from 900 to around 700, and so is flexible and supports the DWP's transformation programme plan over the next two years. The DWP transformation programme aims to reduce costs whilst maintaining safety of the users of its properties. We have modernised the way in which security is provided using an Effects-Based Methodology, which has been aligned with the Centre for the Protection of National Infrastructure (CPNI) best practice. Essentially we are looking to minimise threats by reducing and better managing anxiety of members of the public at DWP sites, reducing the likelihood of incidents occurring.

IMAGE REMOVED

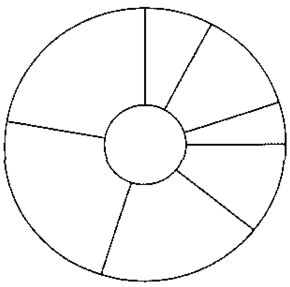
2017 REGIONAL AND SEGMENTAL REVIEW – CORE BUSINESSES CONTINUED

2017 REVENUE AND ADJUSTED PBITA BY REGION – CORE BUSINESSES

Revenue (%)



Adjusted PBITA (%)



	Revenue	Adjusted PBITA
Africa	6%	8%
Asia Pacific	10%	12%
Latin America	9%	5%
Middle East & India	12%	11%
Europe	18%	19%
North America	27%	23%
UK & Ireland	18%	22%

SERVICE LINE OPERATING REVIEW – CORE BUSINESSES

SECURE SOLUTIONS

At 2017 average exchange rates	**Revenue 2017 £m**	Revenue 2016 £m	YoY %	**Adjusted PBITA 2017 £m**	Adjusted PBITA 2016 £m	YoY %
Emerging markets	**2,343**	2,277	2.9%	**143**	149	(4.0%)
Developed markets	**3,875**	3,736	3.7%	**242**	225	7.6%
Total	**6,218**	6,013	3.4%	**385**	374	2.9%

7.6%
Increase in developed markets Secure Solutions Adjusted PBITA in 2017

Our services range from conventional manned security offerings to risk consulting, highly sophisticated security technology, security systems and integrated solutions. We are investing in the resources and capabilities which enable us to innovate and apply technology in the design and delivery of integrated solutions for our customers, and this is reflected in the increasing share of revenue from these solutions. Our technology-related security revenues for the Group grew by 11.4% to £2.45 billion (2016: £2.2bn).

Our Secure Solutions business segment also includes our Care & Justice and FM services. Our Care & Justice business is concentrated in the UK and Australia and provides custody, detention, rehabilitation, education and transport services, typically in complex operating environments.

As previously reported, our Secure Solutions businesses faced challenging trading conditions in the Middle East & India region and this partially offset the good rates of profitable growth in our other markets. Overall, the Secure Solutions businesses delivered 3.4% growth in revenue and 2.9% growth in Adjusted PBITA.

CASH SOLUTIONS

At 2017 average exchange rates	**Revenue 2017 £m**	Revenue 2016 £m	YoY %	**Adjusted PBITA 2017 £m**	Adjusted PBITA 2016 £m	YoY %
Emerging markets	**388**	414	(6.3%)	**55**	59	(6.8%)
Developed markets	**821**	768	6.9%	**105**	93	12.9%
Total	**1,209**	1,182	2.3%	**160**	152	5.3%

12.9%
Increase in developed markets Adjusted PBITA in Cash Solutions developed markets

Revenues in Cash Solutions grew 2.3% and Adjusted PBITA rose by 5.3%.

The overall growth in revenue and profit was driven by strong volume growth, particularly in our Retail Cash Solutions business in North America, CASH360 in Europe and Deposita in Africa and Asia. At the end of January 2018, we had an installed base of over 19,500 cash automation solutions at retail and banking customers, around a 30% increase compared with 14,600 in 2016. The strong growth in Adjusted PBITA in our developed markets reflects the benefits of our systematic restructuring and productivity programmes which have been implemented over the past three years, partially offset by investment in sales and business development.

The robust growth in developed markets was partially offset by the effect of weak trading in our Middle East & India region, where our businesses have been adjusting to the challenging trading environment and where we expect trading to begin to stabilise during 2018.

CORPORATE COSTS

Corporate costs comprise the costs of the G4S plc board and the central costs of running the Group including executive, governance and central support functions, and were slightly lower compared with the prior year.

Risk management and our principal risks

Our aim is to identify material risks that could impact us, and to focus management attention on effective mitigation of the significant risks to achievement of our strategic objectives and safeguard our reputation.

An evolving risk landscape

During 2017 we continued to see challenges from uncertainty and changes in political leadership, terrorist events, weak economic recovery, geopolitical shifts, general migration and the on-going instability in the Middle East. These have created risks and opportunities for the security industry. G4S continues to face operational and health and safety risks often particular to the security industry, along with financial and commercial risks common to all multinational companies. Regulations on data privacy continue to be tightened with high fines for non-compliance. Our drive for increased growth through delivering significant cost savings and innovative service excellence to customers may lead to a changed risk profile.

We continue to assess that the risk to G4S from the vote for the UK to leave the EU is not significant as we mainly operate within national boundaries with around 83% of total Group revenues outside the UK and minimal cross-border trading. However, depending on the terms of the UK's exit from the EU, there might be a range of business factors that could affect us including the availability of labour, regulations and taxation. It is also possible that continuing uncertainty during the negotiation period reduces economic growth in the UK and Europe, further affecting both our customers and our competitors. We continue to monitor developments through our risk and governance framework.

What we did in 2017

Progress continues to be made on increasing risk awareness and ensuring accountability for risk management rests with business management teams. The Group's mandated control standards have been further enhanced to ensure they address our key risks with appropriate training and challenge to facilitate their effective performance. Control self-assessments were completed by all businesses. These are reviewed, challenged and best practice shared by region and group functional experts, and compliance has been tested through internal audits. Our quarterly Regional Audit Committees continued to focus on financial judgments and to address internal and external audit findings, which has enabled further improvement in financial control awareness and effective performance.

What we will do in 2018

We will continue to refine our key standards and controls and through support and training we will help all businesses operate them effectively. Functional teams will use the results of control self-assessments to assist countries with full compliance. In addition, internal audits will continue to test the operational effectiveness of our standards and controls. Regional Audit Committees will continue to review, challenge and direct improvements in the performance of control standards, financial judgments and reporting. Through continued engagement and review by country, region and Group management, we will enhance the quality and timeliness of the identification of risks and the delivery of mitigating actions.

During the year we will further improve the reporting of risks and use metrics to assist with risk identification.

Risk Management and Appetite

As in prior years we have undertaken a bottom-up review with businesses completing an assessment of their major risks and developing mitigating actions to reduce the likelihood of those risks crystallising. These reviews require management teams to identify the essential controls needed to mitigate high inherent risks to acceptable residual risk levels, in line with the group's risk appetite, further encouraging effective compliance with the Group's core standards and controls. These risk assessments are reviewed, challenged and amended as necessary by regional teams, who are also responsible for monitoring delivery of required improvements. This is combined with a top-down review from group functional leaders, to ensure that the risks captured are complete and appropriately assessed. The risks are then summarised and presented to the Risk Committee for consideration before being presented to the board for review. The resulting principal residual risks, with any identified changes and mitigating actions, are outlined in the following pages 62 to 65. The residual risk level has not changed significantly compared to the prior year.

G4S operates in high-risk areas of business, in which our core competence and value-add to customers is managing those risks effectively. We have a higher risk appetite for growing and transforming businesses in which we have the expertise to deliver and to achieve a good commercial return for the risk we are accepting.

We have a low to very low risk appetite for non compliance with laws and regulations, appropriate culture and values, health and safety and people risks, as these are priority areas for our stakeholders and failure in these key risk areas could have a material impact on our business.

ENTERPRISE RISK MANAGEMENT GOVERNANCE MODEL

BOARD

The Board has responsibility for ensuring risk-management processes are effective by reviewing the most critical risks and controls

RISK COMMITTEE

The Risk Committee meets four times per year and reviews the Group's risk appetite, assesses the Group's principal residual risks and assesses the overall enterprise risk management process

AUDIT COMMITTEE

The Audit Committee meets four times per year and ensures the Group's control framework is operating effectively

GROUP EXECUTIVE COMMITTEE

The Group Executive Committee oversees the management of the Group's principal residual risks

REGIONAL AUDIT COMMITTEES

The committees meet four times a year, also attended by the external auditor, and review:

1. The progress of closing internal and external audit findings, and
2. Reports on status of financial controls and significant accounting judgments

GROUP AND REGIONAL ETHICS COMMITTEES

The committees are responsible for whistleblowing and related investigations across the regions

OPERATING COMPANIES AND SHARED-SERVICE FUNCTIONS

Our operating companies and shared-service functions identify and assess the risks to their business objectives and plan appropriate mitigating actions. These are recorded in our Group-wide risk management tools. A thorough review is conducted as part of the annual planning process with updates made in senior management team meetings and trading reviews. Control self-assessments of compliance with Group control standards are completed annually (bi-annually for financial control standards)

Operating companies

We employ three lines of defence to control and manage risks across the Group

1ST LINE: BUSINESS OPERATIONS AND SUPPORT

Responsibility for the first line sits with the managers of our businesses, whether line management or support. The senior management team within each business is responsible for implementing and maintaining appropriate controls across their business

Result: Ensures standards expected by the Group, our customers and other stakeholders are met

2ND LINE: CONTROL AND OVERSIGHT FUNCTIONS

The second line consists of oversight functions at both regional and Group level including risk, finance, legal, human resources, operations, information technology, commercial and CSR

Result: Provides support to business managers

3RD LINE: INTERNAL INDEPENDENT ASSURANCE

The third line comprises the internal audit function. As part of its annual programme of work, internal audit conducts regular reviews of risk management processes and gives advice and recommendations on how to improve the control environment

Result: Provides independent assurance over the design and operation of controls

EXTERNAL AUDIT

Financial reporting risks are considered as part of the external audit

Principal risk

Link to strategy

HEALTH AND SAFETY (H&S)

Risk

The provision of security services to protect valuable assets, often in hostile or dangerous circumstances, presents health and safety challenges. In addition to the significant impact on individuals, a serious breach of health and safety could disrupt the Group's business, have a negative impact on our reputation and lead to financial and regulatory costs. In 2017, 25 (2016: 41) employees lost their lives in work-related incidents, of which eight (2016: 20) were as a result of armed attacks and 11 (2016: 17) were road-traffic incidents as the year-on-year improvement in road safety continued. There were three (2016: 9) non-natural deaths of people in our custody.

Risk mitigation

We are committed to protecting the health, safety and well-being of our staff, people in our care or custody and third parties. The Group's mandatory H&S standards target the critical safety risks in the Group, including road and firearm safety and are supplemented by training for front-line staff through to business leaders. During 2017 the annual self-assessment by countries of compliance with our standards was supported by site reviews from local, regional and Group H&S managers and was included in the scope of country internal audit visits. Reporting was enhanced to include high potential incidents which are investigated thoroughly. Controls are reviewed in light of lessons learned from serious incidents.

We reviewed the appropriateness of our 'Golden Rules' which reflect critical safety risks and are mandatory for all G4S businesses, and failure to adhere to them is linked to our disciplinary procedures. Good practice and progress in delivering H&S improvements are recognised and rewarded, while poor practice and insufficient progress lead to close executive scrutiny, and can impact performance-related pay for business leaders if appropriate.

Mitigation priorities for 2018

We will continue to refine our standards, policies and controls where we see an opportunity to reduce H&S risks further. The compliance with these group requirements will again be self assessed during 2018 and reviewed by H&S and internal audit teams. A revised H&S training programme for our front-line employees is under development which supplements existing training provided by businesses on key H&S risks. Safety improvement plans are required for all businesses. Business leaders take responsibility for leading safety performance and putting H&S at the forefront of their day-to-day activities.

CULTURE AND VALUES

Risk

G4S provides security for people, premises and valuable assets. The Care & Justice services business provides services to detainees, victims of crime, people needing assistance, and other members of the public. We operate in many different countries with a diversity of local and national cultures. Having an appropriate set of values strongly embedded as our corporate culture is very important to ensure staff meet our high expectations including compliance with our ethical business conduct standards. Failure to do so risks not delivering on our commitment to our colleagues, customers and other stakeholders and may fail to comply with legislation and international standards.

Risk mitigation

We have a set of values, detailed on page 17, which are continually reinforced to all employees through a variety of key processes including recruitment, induction training, and recognition schemes as well as communications materials. Nominated values ambassadors in businesses are helping to cascade values-related communications. HR and learning and development leaders have assisted in the production of materials for increasing awareness and understanding of our values. In everything we do, no matter how challenging the circumstances, we require our people to behave in line with our values and to be prepared to use our whistleblowing facility, Speak Out, if they become aware that others are not doing so. Ethics steering committees at a Group level and in each region oversee the whistleblowing investigation process and provide constructive guidance to countries on ethical matters. We continue to focus on building awareness of the importance of our corporate values and whistleblowing, particularly in places where we work with people who may be more vulnerable and have less opportunity to raise concerns themselves. In 2017, our whistleblowing hotline and case-management system received a total of 300 reports from our employees (2016: 402). Matters of a serious nature were investigated at a senior and independent level, with 39 investigations completed during 2017 (2016: 35).

Mitigation priorities for 2018

For our front-line employees, we will extend the values-based training materials already developed to reflect common experiences or particular challenges which come to light from whistleblowing cases, internal grievances or feedback from the global employee-engagement survey conducted in 2017.

For managers, the newly-revised competency framework has helped guide the development of on-line training, which is due to be launched in 2018. The training uses realistic scenarios in which participants are required to make values-based decisions from a range of options in order to achieve the right outcomes. The training will be mandatory and cascaded to all managers to complete before the end of 2018.

Our reward and recognition schemes will continue to be aligned to the values, to ensure they are promoted in everything we do. A new group-wide scheme will supplement local efforts and enable us to showcase the types of behaviour which exemplify the values and reflect the great work that our employees do.

Principal risk

Link to strategy

PEOPLE

■ ■ ■ ■ ■

Risk

In a global and diverse security business such as ours, there are risks associated with recruiting, training, engaging, rewarding and managing people, as well as ensuring we retain critical talent to deliver increasingly sophisticated services through our 570,000 employees. Screening and vetting is a particular challenge in some territories which lack supporting infrastructure from the relevant authorities. Any incident where our people fail to meet expectations of customers and other stakeholders could lead to financial and reputational damage to the Group's business. Whilst our controls are robust we still face the risk of an employee not behaving in line with our values.

Risk mitigation

The Group's mandatory human resource standards cover core requirements for delivering the HR strategy, such as ensuring there are effective organisational structures in place, that employees are screened, inducted and trained to perform their jobs, and that there are appropriate mechanisms in place for managing on-going performance and recognising great performance. During 2017 the annual self-assessment by countries of compliance with our standards was supported by site reviews from local and regional teams, and included in the scope of country internal audit visits.

We review in detail the performance and potential of managers across the Group to help identify development needs and build succession plans. We also deliver regional leadership programmes to nurture talented individuals early in their careers, and help develop them into more senior roles as they move through the organisation. Staff turnover is a key indicator to us of employee satisfaction, and reducing it improves service excellence and reduces recruitment costs. During the year staff turnover reduced from 27.6% in 2016 to 25.3% in 2017 (see page 17).

Mitigation priorities for 2018

We will use the information from our fifth global employee survey to help develop initiatives to enhance standards further and ways in which to ensure the standards are embedded. Compliance with our Core HR Standards will again be self-assessed during 2018 and reviewed by local, regional and group teams as well as tested by internal audit. Direct support will be provided as necessary to enhance compliance with our standards.

MAJOR CONTRACTS

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Risk

The Group operates a number of long-term, complex high-value contracts with multinational companies, governments or strategic partners. Key risks include, accepting onerous contractual terms, poor mobilisation of contracts, not transitioning effectively from mobilisation to on-going contract management, not delivering contractual requirements, inaccurate billing for complex contracts, ineffective contract-change management, and not managing sub-contractors appropriately.

Risk mitigation

During 2017 we updated our strict thresholds for the approval of major bids involving detailed legal review and senior management oversight. For a selection of our most significant contracts in the UK, we perform 360° reviews of all aspects of contract management and performance. We also perform a quarterly financial review of the top 25 and low-margin contracts in each region.

For our large multinational customers, account managers oversee performance of these contracts across relevant countries and have regular updates with customers to ensure we deliver against contractual terms.

Mitigation priorities for 2018

While great improvements have been made in reducing the risk of taking on onerous contracts, as the impact can be significant, we will continue to enhance the quality of the analysis used in the bidding process and ensure that lessons are learned from underperforming contracts. We will also embed into the Salesforce opportunity management tool our updated approval requirements to make compliance and monitoring effective.

Link to strategy

- ■ People and values
- ■ Customers and service excellence
- ■ Growth and innovation
- ■ Operational excellence and productivity
- ■ Financial and commercial discipline

Principal risk | Link to strategy

LAWS AND REGULATIONS

■■■■

Risk

G4S operates under many complex and diverse regulatory frameworks, some of which have extraterritorial reach and many where regulations change regularly. Risks include new or changed restrictions on foreign ownership, difficulties obtaining all relevant licences to operate, complying with employment legislation covering a wide range of requirements, complying with often complex and broad ranging local tax regulations, increasing litigation and class actions, bribery and corruption and complying with human rights legislation. Failure to meet the required standards can lead to higher costs from claims and litigation, inability to operate in certain jurisdictions, through either direct ownership or joint ventures, loss of management control, damage to our reputation, and loss of customer confidence.

Risk mitigation

Our policies and procedures clearly set out the requirement for local management teams to comply with all relevant laws and regulations. Group and regional leadership, together with our Ethics Committees at Group and regional level provide oversight and support our businesses to mitigate the risks. Group legal and regional leadership closely monitor changes in foreign ownership laws and make appropriate plans to respond. G4S continues to liaise with relevant governments and authorities to influence positively the regulatory environments in which we work.

Mitigation priorities for 2018

We will continue to focus on seeking full compliance with laws and regulations across all jurisdictions we operate in and ensure that concerns are addressed appropriately by local management with support and guidance from Group and regional leaders.

GROWTH STRATEGY

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Risk

Our focus is on investing in the development and marketing of innovative and integrated products and services and improving business efficiency to strengthen service excellence and support improved margins over time. There are risks with adopting such a strategy: that we fail to create higher-value solutions that differentiate us from local commoditised competitors, that we fail to deliver our core services effectively and consistently, that we lose contracts or growth opportunities through price competition and market changes, that we fail to enter target markets successfully, that we become over-reliant on large customers, and that our business transformation initiatives do not deliver as expected.

Risk mitigation

We continue to focus on delivering excellent service through the best-practice service delivery guidelines in place for both Secure Solutions and Cash Solutions service lines. Our newly developed information systems supporting the end-to-end order-to-cash process in our Secure Solutions service line, including finance, human resources and operational delivery, was launched in Ireland in 2017. We use our centres of excellence to develop innovative solutions for customers, particularly in electronic security and CASH360 in Cash Solutions. We leverage our global network to offer integrated solutions internationally and our global accounts programme supports and promotes our multinational accounts initiatives. Our consistent focus on delivering excellent service to customers has led to an increase in our Net Promoter Scores.

We are able to mitigate local reduction in growth opportunities through the diversity of industries and markets we serve, and by leveraging our portfolio of products to offer alternative cost-efficient solutions. All our product development initiatives and business transformation projects are closely monitored by Group and regional teams with appropriate challenge and approval to maximise the opportunity and minimise the risks.

Mitigation priorities for 2018

In 2018, we will focus our investments in innovative product development and in transforming the efficiency of our business and the capabilities of our people and systems. Customer satisfaction reviews will guide how we deliver integrated solutions to existing and potential customers across all businesses. This would include proprietary security systems, video and intelligent camera systems, video management systems, global security intelligence systems and software tools including incident-management systems such as RISK360 in our Secure Solutions business. For Cash Solutions, development would include retail solutions, CASH360, Deposita cash-recycling systems and solutions for our smaller retailers. Our new information systems for the Secure Solutions service line will be implemented in the UK in 2018, with plans to expand into other countries once proven to deliver as expected. Focused business transformation projects will also be implemented to drive further efficiency and improve margins. Oversight, challenge and approval of detailed business cases for all such initiatives will be enforced by Group and regional teams.

Link to strategy

- ■ People and values
- ■ Customers and service excellence
- ■ Growth and innovation
- ■ Operational excellence and productivity
- ■ Financial and commercial discipline

Principal risk

GEOPOLITICAL

Link to strategy

■

Risk

We operate in many countries across the world with wide-ranging government and political structures, different cultures with varying degrees of compliance with laws and human rights particularly within conflict and post-conflict zones. The risk factors include political volatility including the outcome of elections and referendums affecting trade rules and regulations and changes in policies towards business, revolution, terrorism, military intervention, mistreatment of migrant workers and employees working for our suppliers. These risks impact us in many ways: the health and safety of our staff and customers, the continued operation of our businesses, and the ability to secure our assets and recover our profits.

Risk mitigation

We collaborate with our local partners, conduct early risk assessments before and during security assignments, develop robust operating procedures, and work closely with our local and global customers in managing the risks of operating in such environments. We have clear standards on human rights which all businesses must comply with. Those based in high-risk countries self assess their compliance with these standards annually, with this assessment reviewed by Group and checked by internal audit. We have a mandatory supplier code of conduct which includes anti-bribery and modern slavery requirements. Our G4S Risk Management business has particular expertise in providing secure solutions in very high risk, low infrastructure environments.

Mitigation priorities for 2018

In markets where potential government policy or trade agreements may have a significant impact on our ability to trade we will continue to engage with national and international governments to promote the benefits that G4S brings to a market and an economy, to ensure that we minimise the impact of any trade restrictions or trade policy. We will increase the number of countries that complete human rights control self-assessments and carry out human rights risk assessments in all key business areas. We will also work to build awareness of human rights responsibilities across the business and our partners and increase engagement with suppliers to ensure they are also complying with human rights.

INFORMATION SECURITY

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Risk

Increased regulations and sanctions relating to the potential failure to secure sensitive and confidential data, which we are entrusted with by customers, staff, suppliers and other stakeholders, have increased our risks in this area. Like all organisations, we face cyber attacks from a variety of sources which, if successful, could result in censure and fines by national governments, loss of confidence in the G4S brand and specific loss of trust by customers, especially those in government and financial sectors. Additionally, we face the risk of disruption to service delivery from system failures, incomplete backup routines, inadequate business continuity and disaster recovery plans.

Risk mitigation

We have "defence-in-depth" technologies (i.e. multiple layers of defence) in key systems to protect business information entrusted to us. During 2017 we brought our IT function under direct management of the Group team, to enhance the way our systems are supported and run. This will ensure policies and best practice are applied consistently across all operating businesses. In late 2017 we commenced a programme of investment in Cyber defence tools, to improve the levels of compliance for managing these risks across the many systems and infrastructures that exist globally. We are also introducing additional standards and guidance to ensure compliance with General Data Protection Regulation (GDPR) across the UK and Europe.

Mitigation priorities for 2018

We will continue to strengthen the effective performance of our IT processes through the centrally-managed IT structure, and complete the implementation of our new Cyber Tools programme to increase the security of our IT systems and infrastructure, including managed cyber security products, centralised infrastructure management tools and cyber vulnerability assessments.

CASH LOSSES

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Risk

We provide a wide range of cash management services including cash processing, fit-sorting of notes for recycling, holding funds on behalf of customers, secure storage, a range of ATM services, as well as transporting high values of cash and valuables including international shipments and fully-outsourced cash-management solutions such as CASH360. Our cash business is at risk of external attacks, internal theft, poor cash reconciliations and weak management supervision, which could lead to loss of profit, increased cost of insurance and health and safety considerations for our staff and the public.

Risk mitigation

During 2017 we refined the standards for Reconciliation and Operational Cash Controls and continued through an 'e-learning academy' and direct support to ensure wide-spread awareness and effective performance of these controls. Self assessments against these standards are performed twice a year by each branch and head office and compliance is supported and monitored by regional teams and through internal audit. We also have clearly-defined standards for physical cash security for our employees, vehicles and processing centres. The Group and regional cash security teams are responsible for monitoring compliance with these through self-assessments performed by branches and visits to country, for monitoring attacks and other cash losses, and for communicating lessons learned. Innovative security-defence products such as cash-box tracking, vehicle protection foam and protective boxes are used in a number of businesses.

Mitigation priorities for 2018

Our new Global Cash Solutions division will give additional focus to drive improvement in the effective performance of physical security and cash reconciliations throughout our cash businesses, to reduce both the number and value of losses.

A STRONG GOVERNANCE CULTURE — KEY TO SUSTAINABLE SUCCESS

I am delighted that, building on the foundations laid in recent years, the Group has improved both its performance and financial position in 2017. This is particularly notable, in light of the challenging trading conditions that prevailed in the Middle East & India markets.

As shown in the business review section of this report, the Group has made substantial progress on its strategic priorities. The board is pleased with the focus, energy and leadership that the executive team brings to the Group.

IMAGE REMOVED

John Connolly, Chairman

Strong governance culture

Ensuring that G4S is resilient and agile and therefore able to deal with constant change and evolving economic and geo-political situations is of paramount importance. This can only be achieved with a skilled and experienced board and management team and an appropriate culture and governance structure.

The board and I see strong governance, adapted to the Group's needs, circumstances and business model, as a source of competitive advantage. G4S is a large, geographically diverse organisation, doing business in complex and sometimes sensitive environments. Sharing a common understanding of the company's purpose and values is essential. To promote this, the board continues to support the application of G4S values throughout the organisation. A strong governance culture is supported by continuous monitoring, review and promotion of the Group's values, standards and policies. It is also essential that directors feel able to provide not only support but also constructive challenge.

BOARD AREAS OF FOCUS IN 2017

In my statement last year, I listed six areas of focus for the board. These were:

- Annual review of Group strategy and management's execution of the strategy
- Induction and integration of new board members
- Board and management succession planning
- Monitoring business performance
- Continued understanding of the Group's businesses and management teams
- Maintaining emphasis on risk management and efficient structures

We made good progress in all these areas and further information on the key areas of activities for the board in 2017 are set out in the governance report.

Therefore we strive to foster open and effective communication within the boardroom and with the executive team. This process is informed by best practice as well as feedback received and views collated from our key stakeholders. There are a number of ways in which the board gathers stakeholders' views, which are set out on pages 78 and 79. This year, as in previous years, I met with major shareholders as part of our annual programme of governance meetings.

Given the business undertaken by the Group and the complex markets in which we operate, it is essential to understand the key risks faced by the organisation and to ensure that the company has appropriate policies, systems, processes and management action plans to mitigate these risks to an acceptable level. The board therefore maintains a Risk Committee, which is separate from the Audit Committee, to provide the necessary focus on risk management and mitigation.

Supporting change

Planning for the future requires us to review the board's composition regularly to ensure that it remains fit to support the changing needs of the Group. Management development and succession planning are also key areas of interest for the board. This was also particularly important this year, as management implemented important organisational changes, with the Secure Solutions business segment now organised into four regions and the creation of a global Cash Solutions division.

In 201[illegible], the board visited the Americas business and the technology business in the UK. Further details of these visits can be found on pages 78 and 79. In both instances, the board and I were impressed with the quality of the products and services offered and the importance of technology both in creating new services and also enhancing offerings when combined with traditional security and cash services.

As chairman, it is my role to ensure that the board has the right skills to understand, support and challenge these developments. We give careful consideration to this need during the board members recruitment process but also when reviewing committees composition, as we did in December. I am confident that the board has significant, diverse and relevant skills and experience, with strong international exposure and knowledge of a significant number of industries (further information on the board balance is set out on page 74).

Performance evaluation

Our externally facilitated performance evaluation was conducted between July and December 2017. The results confirmed that the board and its committees continue to operate well, with all directors contributing to the overall success of the Group. I led the performance evaluation process, with assistance from the Senior Independent Director and the company secretary. All the directors participated. The knowledge gained from the previous external evaluation allowed us to conduct a more focused evaluation this year. The board and committees performance review process is described in detail on page 77 and I am pleased to confirm that no significant issues were raised.

Changes to the board

Due to continued ill health, Ian Springett retired from the board on 20 June 2017. We were very sorry that Ian was unable to rejoin our board and we wish him well for the future. Paul Spence, who was already a member of the Audit Committee, served as interim chair with effect from 20 January. I am very grateful to Paul for his strong stewardship.

The Nomination Committee oversaw the process to find a new non-executive director qualified to act as chairman of the Audit Committee, which led to John Ramsay joining the board on 1 January 2018. I am pleased to welcome John, whose experience in highly international, innovation-focused businesses and his extensive background in finance and accounting will be very valuable to our board and in leading our Audit Committee.

As announced in December 2017, after eight years on the board, Clare Spottiswoode will step down after the company's annual general meeting on 15 May 2018. I would like to thank Clare for her thoughtful contributions to the board and her strong commitment, as chair of the CSR Committee since 2014, to help the company develop and promote CSR policies and processes. The Nomination Committee has initiated a search to find a new non executive director to join the board.

Further information about the work of the Nomination Committee during the year under review is set out on page 80.

Results

I am pleased to report on another year of good financial progress with continued growth in revenue and earnings and, importantly, a reduction in net debt with achievement of the Group's leverage target of below 2.5 times net debt to Adjusted EBITDA by the end of the year.

Our statutory results showed a 3.1% increase in revenue, which rose to £7.8 billion, Adjusted PBITA up 6.5% to £491 million and earnings up 19.2% to £236 million benefiting primarily from a combination of profitable growth in our core businesses and profits on disposal of a number of businesses as our portfolio rationalisation programme drew to a close.

As noted elsewhere, our core businesses in all regions apart from the Middle East & India grew revenue and Adjusted PBITA such that total Group revenue from core businesses was up 3.2% to £7.4 billion and Adjusted PBITA grew by 4.2% to £496 million.

The management team's continued focus on cash and working capital enabled the Group to deliver good operating cash flow conversion and this, coupled with net proceeds from disposal of a number of portfolio businesses of £156 million offset by organic capital investment of over £100 million, meant that the Group's net debt to Adjusted EBITDA ratio reduced from 2.8 times at the end of 2016 to 2.4 times at the end of 2017, in line with the board's stated leverage reduction target.

The board is confident in the Group's outlook and proposes to increase the final dividend by 5% to 6.11p (DKK 0.5097) per share, payable on 15 June 2018. With an interim dividend of 3.59p (DKK 0.2943) paid on 13 October, this will bring the total dividend for the year to 9.70p per share.

People

The Group has around 570,000 employees in over 90 countries, often providing complex services in difficult environments. This can create significant challenges. It is therefore pleasing that the outcome of the 2017 employee engagement survey, which consisted of questions relating to G4S' new corporate values, provided an 84% favourable response rate.

On behalf of the board, I wish to thank the employees of G4S for their engagement, enthusiasm, hard work and dedication.

John Connolly
Chairman

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The board's statement on the company's corporate governance performance is based on the April 2016 edition of the UK Corporate Governance Code (the "Code"), which is available on the Financial Reporting Council's website (frc.org.uk).

The company complied throughout the year under review with the provisions of the Code, except in relation to the composition of the Audit Committee. This matter is addressed on page 85. The Corporate governance report, together with the Audit Committee report, the Risk Committee report and the Directors' remuneration report, describe how the board has applied these provisions.

Board of directors

1 John Connolly
Non-Executive Director
Chairman of the board

Appointment to the board June 2012

Committee membership Nomination Committee (chair) and Risk Committee

Skills and experience A chartered accountant with extensive experience working in a global business environment and in sectors with strategic relevance to the Group
Career experience Spent his career until May 2011 with global professional services firm Deloitte, was Global Managing Director and then Global Chairman between 2007 and 2011. He was Senior Partner and CEO of the UK Partnership from 1999 until his retirement from the firm
Current external commitments Chairman of the Great Ormond Street Hospital Charity board of trustees and director of a number of private companies

2 Ashley Almanza
Chief Executive Officer

Appointment to the board May 2013

Committee membership Risk Committee

Skills and experience Degree in Commerce from University of Natal and an MBA from the London Business School. Extensive board and executive management experience in complex international businesses
Career experience A number of senior executive roles at BG Group from 1993 to 2012, including CFO from 2002 to 2011 and Executive Vice President from 2009 to 2012, during which he led BG Group's UK, European and Central Asian businesses and the group's commercial strategy in Central Asia. A non-executive director of Schroders plc between 2011 and 2016
Current external commitments Non-executive director of Noble Corporation and Board member of the International Security League

3 John Daly
Non-Executive Director

Appointment to the board June 2015

Committee membership Remuneration Committee (chair) and Audit Committee

Skills and experience Diploma in marketing and an MBA from the University of Dublin. Significant executive management experience in major international businesses with extensive knowledge of Asia and the Middle East
Career experience Worked in sales and marketing in the pharmaceutical industry before joining British American Tobacco (BAT) in 1994 and held various executive leadership positions worldwide over the next 20 years at BAT including COO & Regional Director for Asia Pacific
Current external commitments Non-executive Chairman of Britvic plc and non-executive director of Ferguson plc

4 Winnie Kin Wah Fok
Non-Executive Director

Appointment to the board October 2010

Committee membership CSR Committee and Remuneration Committee

Skills and experience An auditor by training, with a Bachelor of Commerce degree from the University of New South Wales, Australia and fellowship or membership of accounting bodies in Australia, Hong Kong and England
Career experience International board and senior management experience with extensive knowledge of Asian markets and strong involvement in Scandinavia. Involved in management positions in finance, audit and corporate advisory work and has had a wide range of roles in private equity firms investing with a particular focus in Asia
Current external commitments Senior advisor to Wallenberg Foundations AB, non-executive director of Volvo Car Corporation, and SEB AB and investment committee member for the HOPU Investment Fund

5 Steve Mogford
Non-Executive Director/Senior Independent Director

Appointment to the board May 2016

Committee membership Audit Committee, Nomination Committee and Risk Committee

Skills and experience First Class BSc Honours Degree in Astrophysics, Maths and Physics from Queen Elizabeth College, University of London. Extensive experience of delivery of complex programmes in the defence, infrastructure and utilities market
Career experience Served a 30-year career with British Aerospace, later BAE Systems, during which time he held several senior management positions before becoming COO with particular responsibility for programmes, major projects and customer support, and a member of the BAE Systems plc board. Chief executive of SELEX Galileo for four years prior to joining United Utilities Group plc in 2011 as CEO
Current external commitments CEO of United Utilities Group plc

6 John Ramsay
Non-Executive Director

Appointment to the board January 2018

Committee membership Audit Committee (chair) and CSR Committee

Skills and experience A chartered accountant with extensive international experience in innovation-focused businesses

IMAGE REMOVED

Career experience Began his career at KPMG and developed his experience in emerging markets, working in Malaysia and Latin America for the manufacturer ICI. In 1993 was appointed Finance Head, Asia Pacific for Zeneca Agrochemicals and later promoted to Group Financial Controller. In 2000 he joined Syngenta AG, as Chief Financial Controller, later being promoted to CFO until his retirement in 2016. Whilst at Syngenta he also served as interim CFO for nine months.
Current external commitments Member of the Supervisory Board of Koninklijke DSM N.V. and a director of RHI Magnesita N.V.

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7 Paul Spence
Non-Executive Director

Appointment to the board January 2013

Committee membership Risk Committee (chair), Audit Committee and CSR Committee

Skills and experience Degree in economics and decision science from the Wharton School, University of Pennsylvania. In-depth knowledge of outsourcing in both the public and private sectors and extensive international experience in key emerging markets
Career experience Served a 30-year career with Capgemini, starting as managing partner of trans-Atlantic information and technology for Ernst & Young. He went on to gain significant international experience for 16 years as managing partner of Ernst & Young Consulting Australia, CEO of Capgemini Ernst & Young in Asia and then CEO in the UK. Then served on Capgemini's executive management committee for eight years as deputy group CEO and then CEO of Capgemini Global Outsourcing Services.
Current external commitments
Non-executive director of Actual Experience plc

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8 Clare Spottiswoode
Non-Executive Director

Appointment to the board June 2010

Committee membership CSR Committee (chair) and Remuneration Committee

Skills and experience MA degree in mathematics and economics from Cambridge University and M.Phil degree in economics from Yale University. Considerable experience in the public sector, the energy markets and the financial services sector
Career experience Worked for the UK Treasury, director general of Ofgas, the UK gas regulator, a policyholder advocate for Norwich Union's with-profits policyholders at Aviva and a member of the Independent Commission on Banking and the Future of Banking Commission.
Current external commitments
Non-executive director of Ilika plc, BW Offshore Limited, Just Group plc and Naftogaz, the Ukrainian state-owned oil and gas company as well as being a director of a number of other private companies

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9 Barbara Thoralfsson
Non-Executive Director

Appointment to the board July 2016

Committee membership Nomination Committee and Remuneration Committee

Skills and experience MBA in marketing and finance, Columbia University, New York and a BA in psychology, Duke University, North Carolina. International executive and senior management experience in using technology to meet customers' needs and develop new business models. Strong knowledge of North America, Latin America, Scandinavia and Asia
Career experience After an early career in marketing, held senior management roles in the consumer goods and telecommunications sectors including CEO of NetCom ASA, Norway's second largest mobile network operator between 2001 and 2005 and has subsequently served on the board of several international technology companies
Current external commitments
Non-executive chair of ColArt Holdings Limited and non-executive director of Svenska Cellulosa Aktiebolaget SCA (publ), Essity Aktiebolag (publ) and Hilti AG

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10 Tim Weller
Chief Financial Officer

Appointment to the board October 2016 having previously served as non-executive director since April 2013

Committee membership Risk Committee

Skills and experience BSc (Hons) Engineering Science degree from the University of Exeter. An accountant by training and a Fellow of the Institute of Chartered Accountants in England and Wales with significant experience of the energy and utilities sectors
Career experience Joined KPMG in 1985, rising to partnership in 1997 before joining Granada plc as director of financial control. He held CFO positions with Innogy, a leading integrated energy company at the time, RWE Thames Water and United Utilities Group plc. He was CFO of Cable & Wireless Worldwide plc between 2010 and 2011 and CFO of Petrofac Limited between 2011 and October 2016
Current external commitments
Non-executive director of the Carbon Trust

IMAGE REMOVED

Executive committee

1. Ashley Almanza
Chief Executive Officer

See page 68 for full biography

2. Tim Weller
Chief Financial Officer

See page 69 for full biography

3. Mel Brooks
Regional President, Africa

Appointed May 2015
Skills and experience Mel joined G4S in 2012 and his roles included Group Strategy & Commercial Director and CEO for G4S India, where he led the transformation of the business, improving operations, customer service and sales. Prior to joining G4S, Mel held a number of senior line and functional roles in the defence and technology industries where he was responsible for service line and commercial strategies, technology development and leadership of a number of business unit turnaround programmes.

4. John Kenning
Regional CEO, Americas

Appointed January 2018
Skills and experience John has extensive commercial experience. He holds a bachelor's degree in business from Miami University and prior to joining G4S in 2014, John's previous roles included executive vice president and president, commercial business for the global division of OfficeMax. He was also president, North America Commercial for ADT Tyco Security Services, where he led the transformation of the business to a technology services leader. He is a board member for Miami University Advisory Athletic Board and a past board member of the Make-a-Wish Foundation.

5. Graham Levinsohn
Regional CEO, Europe and Middle East

Appointed November 2017
Skills and experience Graham has more than 20 years' experience in the security industry, having joined Securicor Cash Services in 1994. He has held a number of commercial and line management positions in both the cash and security lines of the business. Graham was responsible for the creation of the UK cash centres outsourcing business in 200[illegible] and divisional managing director for G4S Cash Services UK. He became Group strategy and development director in 2008 and joined the executive committee in 2010. He then assumed responsibility for Europe as Regional CEO in November 2013 before assuming responsibility for the Europe and Middle East Region in November 2017. He is a director of CoESS and a director of the International Security League. Graham is a Fellow of the Chartered Institute of Marketing.

6. Jenni Myles
Group HR Director

Appointed July 2015
Skills and experience Jenni has extensive experience in employee engagement, talent management and organisational development having held HR leadership roles in G4S business units and regions across both developed and emerging markets. She also spent a number of years in head office as Director of Employee Engagement & HR, leading the Group's employee engagement and labour relations strategy. Prior to joining G4S in 1998, Jenni held HR positions in a variety of business sectors such as automotive, FMCG and consulting. She is a Fellow of the Chartered Institute of Personnel & Development (FCIPD).

7. Søren Lundsberg-Nielsen
Group General Counsel

Appointed 2001
Skills and experience Søren began his career as a lawyer in Denmark and since 1984 he has had a wide range of legal

IMAGE REMOVED

experience as general counsel for international groups in Denmark, Belgium and the US before joining Group 4 Falck in 2001 as Group General Counsel. He was involved in the Group 4 Falck merger with Securicor and a number of other acquisitions by the Group. Søren has overall responsibility for all internal and external legal services for G4S as well as the Group's insurance programme. Søren is non-executive director of Basico A/S, a member of the Danish Bar and Law Society, a member of the advisory board of the Danish-UK Association and author of the book Executive Management Contracts, published in Denmark.

8 Peter Neden
Divisional CEO, Care & Justice Services & UK Facilities Management

Appointed January 2018
Skills and experience Peter joined G4S in 2001. His roles included responsibility for the business development programme in the UK and Africa regions, as well as a number of senior positions in both the commercial and government businesses across the Group, including Regional President UK & Ireland. Prior to the merger between Group 4 Falck and Securicor, Peter was Securicor's development director. He has a degree in economics from the University of Nottingham and his early career included a number of sales, marketing and general management roles within Centrica.

9. Jesus Rosano
Divisional CEO, Global Cash Solutions

Appointed January 2018
Skills and experience Jesus joined G4S in March 2014 as Latin America Chief Operating Officer and since January 2016 was Group Strategy and Commercial Director. Jesus holds a bachelor's degree in Engineering and Administration from ITESM University, Mexico. Prior to joining G4S he held senior line, functional and regional roles at DHL, in a number of markets in Latin America and North America over an 11-year period. Before DHL, Jesus worked in strategy consulting and investment banking.

10 Sanjay Verma
Regional President, Asia

Appointed January 2018
Skills and experience Sanjay joined G4S in May 2017 as Regional President Secure Solutions – Asia Pacific. Sanjay has extensive business experience operating across Asia Pacific having been based in India, China and Hong Kong. Sanjay joined G4S from Cushman & Wakefield, a global real estate services firm. During his 17 years in that company he held a number of leadership roles including CEO, Asia Pacific and Chief Executive, Global Occupier Services, covering 16 countries in the Asia Pacific region. Sanjay is a graduate in electrical engineering and has a MBA in finance & marketing.

11 Debbie Walker
Group Corporate Affairs Director

Appointed March 2004
Skills and experience Debbie is responsible for the corporate communications team which focuses on the Group's key audiences – media, government, employees and customers. She is also responsible for the Group's CSR and human rights strategies. Debbie is Chairman of the CBI Southeast Regional Council. Prior to the merger between Group 4 Falck and Securicor, she held a number of senior marketing and communications roles within the Securicor group, having joined in 1993.

IMAGE REMOVED

OUR GOVERNANCE FRAMEWORK

The board oversees the Group's governance framework, reviews and approves the strategy, monitors management's performance against agreed targets and ensures appropriate controls are in place and operating effectively.

The board ensures leadership through effective oversight and review. Executive decisions, and development and implementation of strategy are delegated to management.

The board fulfils a number of its responsibilities directly (see the list of matters reserved to the board overleaf) and others through its committees.

BOARD

Role and responsibilities

- Review and approve the company's strategy
- Monitor management's performance against agreed targets
- Review, approve and promote the company's values and standards
- Review its own performance on a yearly basis

CHIEF EXECUTIVE OFFICER

GROUP EXECUTIVE COMMITTEE

NOMINATION COMMITTEE

Role and responsibilities

- Review board composition
- Lead the process for new board and committee appointments
- Review board succession-planning processes

See page 80

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Role and responsibilities

- Review and approve the company's CSR strategy or recommend policies to ensure these remain an integral part of the Group's strategy
- Monitor compliance with CSR policies throughout the Group and the integration of CSR processes within the Group's risk management and approval processes

See page 82

RISK COMMITTEE

Role and responsibilities

- Advise the board on the Group's overall risk appetite and tolerance
- Oversee the company's risk management framework and review its effectiveness
- Review major contracts and projects

See page 84

AUDIT COMMITTEE

Role and responsibilities

- Oversee the financial reporting process and ensure the integrity of the company's financial statements
- Monitor internal audit
- Approve external audit scope and fee, review and monitor external auditor's independence

See page 85

GROUP RISK AND INTERNAL AUDIT FUNCTION

REMUNERATION COMMITTEE

Role and responsibilities

- Approve remuneration of chairman of the board, the executive directors, other members of the executive committee and the company secretary of the board
- Monitor level and structure of remuneration of other senior management of the Group

See page 93

MATTERS RESERVED TO THE BOARD

The board is responsible for a number of specific matters in the following areas:

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk and internal controls
- Material contracts
- Communication
- Board membership and other appointments
- Remuneration
- Delegation of authority
- Corporate governance matters
- Policies
- Other matters – such as settling material litigation

The work of the board's committees is described below in this report and the terms of reference of each of the committees are available on the company's website at g4s.com/investors

KEY ROLES IN OUR GOVERNANCE FRAMEWORK

To ensure a clear division of responsibilities

Chairman of the board

- Responsible for promoting good corporate governance and ensuring board compliance with regulatory requirements
- Ensures board effectiveness on all aspects of its role
- Promotes a culture of challenge, debate, openness and support
- Ensures NEDs receive a comprehensive induction and on-going training to support the performance of their duties
- Maintains regular contact with major shareholders and conveys their views to the board

Chief Executive Officer

- Responsible for developing and implementing the Group's strategy and plans
- Responsible for the overall management and promotion of the Group
- Manages the Group's risk profile in accordance with the risk appetite set by the board
- Ensures effective communication between the board and the business

Chief Financial Officer

- Manages financial risks in accordance with the risk appetite set by the board and implements effective internal financial control processes across the Group
- Responsible for financial planning to support the company's strategic objectives
- Leads the Group's finance, internal audit, procurement, information technology, tax and treasury functions
- Provides regular financial reporting to the board

Senior Independent Director

- Acts as a sounding board for the chairman and as intermediary for the other directors when needed
- Maintains a balanced understanding of the views of major shareholders
- Maintains regular and effective communication with other directors
- Leads the yearly appraisal of the chairman's performance
- Chairs the Nomination Committee when it is considering issues directly affecting the chairman

Independent non-executive directors (NEDs)

- Challenge constructively
- Monitor management's performance against agreed targets
- Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective
- Determine appropriate levels of remuneration of executive directors
- Prime role in appointing directors and in board succession planning

Company Secretary

- Secretary to the board and its committees
- Responsible for advising the board through the chairman on all governance, regulatory and legislative matters
- Ensures all directors have access to the advice and services of the company secretariat and external advice if necessary
- Responsible for ensuring compliance with board procedures and processes
- Supports the chairman and chief executive officer in preparing and organising induction programmes for NEDs

Board composition, roles and attendance (as at 31 December 2017)

	Meetings attended					
Chairman	Board	Nomination	CSR*	Risk	Audit	Remuneration*
John Connolly	7/7	4/4		4/4		
Executive Directors						
Chief Executive Officer						
Ashley Almanza	7/7			4/4		
Chief Financial Officer						
Tim Weller	7/7			4/4		
Non-Executive Directors						
John Daly	7/7				4/4	4/4
Winnie Fok	7/7		4/4		3/4	4/4
Steve Mogford[2] (Senior Independent Director)	6/7	4/4			3/4	
Paul Spence	7/7		4/4	4/4	4/4	
Ian Springett[3]	n/a			n/a	n/a	
Clare Spottiswoode	7/7		4/4			4/4
Barbara Thoralfsson	7/7	4/4				4/4

* Three meetings of the Remuneration Committee and the CSR Committee were scheduled during the year and one additional meeting for each committee took place in January 2017.

Ms Fok was unable to attend one meeting of the Audit Committee due to a clash with another engagement.

2 Mr Mogford was unable to attend one board meeting and one meeting of the Audit Committee due to a commitment made prior to his appointment to the board.

3 Mr Springett was appointed to the board with effect from 1 January 2017 and shortly thereafter had to take an extended leave of absence to undergo treatment for a medical condition therefore he was not expected to attend board meetings during this time. Due to continued ill health, Mr Springett retired from the board on 20 June 2017.

BOARD BALANCE AND DIVERSITY

Diversity

The Group's workforce reflects the wide range of countries, cultures and environments in which the Group operates. The Group has long recognised that diversity can enhance decision making and performance and promotes diversity within the organisation. The result is a diverse mix of gender, age, race, religion, nationality, language, background and experience across the workforce. Diversity, including gender diversity, in the senior management population remains an area of particular focus for the board.

As well as being diverse in terms of gender and nationality, the board also includes members with diverse skills, personal attributes and experience. While most members have international assignment experience, others bring extensive experience of a variety of industries. In addition, the board has a mix of both long-serving and new members. These differences greatly enrich debate in the boardroom, bring fresh perspectives and understanding.

Although the board has not adopted a formal board diversity policy, nor has it set any specific targets in this respect, diversity is a key consideration for the board. Recruitment of any new member to the board is always based on merit, against objective criteria, which take account of the diversity benefits each candidate can bring to the board. Further information in this regard is set out in the report of the Nomination Committee on pages 80 and 81.

The board also considers diversity as part of its annual review of talent management and succession plans for the board and senior management team. As part of this review gender diversity, as well as initiatives in place or being developed to promote greater representation of women and an increase in cultural and ethnic diversity across the Group's global leaders are also discussed.

The board is mindful of its obligations under both DTR 7.2.8 and Code Provision B.2.4 and is considering adopting a formal board diversity policy to capture the board's approach to diversity and setting out the principles it follows in considering board appointments, board composition, and succession planning.

However, the board is committed to ensuring that any such policy is informed by the results of the Group's diversity and inclusion strategy review, taking place in 2018. Therefore the board will keep this matter under review during the year.

Board balance

Non Executive directors	80%	
Executive directors	20%	

Gender

Male	70%	
Female	30%	

Board composition

As at the date of this report, the board comprises 10 members: the non-executive chairman (John Connolly), seven other non-executive directors and two executive directors.

The names of the directors serving as at 31 December 2017 and their biographical details are set out on pages 68 and 69. All these directors served throughout the year under review, apart from Ian Springett, a non-executive director who retired from the board on 20 June 2017, and John Ramsay, who was appointed to the board on 1 January 2018.

Clare Spottiswoode, having completed nearly eight years as a non-executive director of the company, will retire from the board after the company's AGM in 2018. The process of seeking a candidate for a new non-executive director role is on-going.

Independence

The board considers all the non-executive directors to be independent and to bring objective oversight and challenge.

The board acknowledges the recommended term within the Code and is mindful of the need for planned and orderly succession whenever possible. Therefore clear records of the tenure and skill set for each non-executive director are maintained.

Director re-election

The company's articles of association require that all continuing directors are subject to election by shareholders at the next annual general meeting following their appointment and that they submit themselves for re-election at least every three years and that at least one-third of the directors not standing for election for the first time stand for re-election at each annual general meeting. However, in accordance with the Code's provision on re-election of directors, all continuing directors stand for re-election every year. With the exception of Clare Spottiswoode who will step down at the end of the 2018 AGM, all continuing directors intend to stand for election or re-election, as the case may be, at the company's upcoming AGM.

Potential conflicts

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the company. In accordance with the company's articles of association the board has authorised such matters. Should a director become aware that they may have an interest in an existing transaction with G4S, they should notify the board in writing or declare it at the next meeting. The company has procedures in place for managing such situations. The affected director will not vote on a matter in which they have an interest and the board may impose additional conditions if deemed appropriate. The board reviews such matters on a regular basis.

Industry experience

Business services	
Energy utilities	
Finance	
FMCG	
Logistics	
Manufacturing/ operations	
Technology	
Pharmaceutical/ biotechnology	

Geographical experience

Africa	
Asia Pacific	
Europe	
Latin America	
Middle East & India	
North America	
UK & Ireland	

Board tenure 2017

2 years or less	30%	
> 2 yrs < 4 yrs	10%	
> 4yrs < 6 yrs	40%	
> 6 yrs < 8 yrs	20%	

Board meetings

Seven scheduled board meetings were held during the year ended 31 December 2017. Each year, one of these meetings is an extended two-day meeting at which, in addition to normal board business, the board and executive committee review the Group strategy.

Prior to each board meeting, comprehensive papers are circulated to the directors addressing not only the regular agenda items on which the executives will report, but also details of any matters requiring approval or decisions, such as significant transactions or other matters reserved to the board.

At each meeting, the board receives regular reports and in-depth presentations from line and functional executives and the board makes visits to business sites from time to time.

After meetings of the board committees, the respective chairs report to the board on the matters considered by each committee.

After each board meeting the chairman holds a meeting attended solely by the non-executive directors.

There are seven board meetings scheduled for 2018 including a two-day board and strategy meeting.

2017 BOARD ACTIVITIES IN FOCUS

- Appointed one new non-executive director
- Reviewed results of employee engagement survey underpinned by group values

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- Held a two-day strategy forum with Group executive, in October
- Discussed succession plans for board members and reviewed succession planning and senior management development

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- Oversaw the review of organisational structure
- Received regular reports from the chair of the nomination, risk, CSR, audit and remuneration committees
- Approved half-year results and year-end results

- Monitored and reviewed developments in governance
- Reviewed and approved Group treasury policy and Group tax policy
- Approved Slavery and Human trafficking statement

- Conducted visits to two customer sites in the US (for further details see page 78), as well as business sites in the US and the UK
- Took part in various engagements with shareholders and investors during the year – see page 79
- Reviewed the 2017 AGM proxy voting figures

INDUCTION, INFORMATION AND DEVELOPMENT

A tailored induction is provided to new directors joining the board. The induction is designed to ensure directors joining the board have the necessary understanding of their role and how they can maximise their effectiveness. It is therefore tailored to the needs of each director and those of the role they will fulfil on the board.

To build on the induction programme, directors receive further briefings both to help in their own development and also to enhance their awareness of the different elements of the business.

Briefings are provided to board members on legal, governance, compliance and reporting developments and to members of board committees from time to time on matters relevant to their work on those committees.

In addition, non-executive directors learn about the Group's business and meet employees and management through site visits.

Information about the interactions between members of the board, in particular non-executive directors, and the business during the year, are set out on pages 78 and 79.

Tailored induction – Audit Committee chair

Upon joining the board on 1 January 2018, a tailored induction programme was prepared for John Ramsay who took on the role of chair of the Audit Committee.

A four-step programme was devised. Step 1 focused on promoting a good understanding of the business by providing access to information about the company, group structure, management team, board governance, minutes of board and committee meetings and risk management. Step 2 developed an understanding of the company's business markets and main relationships. Over a day, Mr Ramsay had individual sessions with members of the group executive team and senior managers. Areas covered included strategy and investor relations, governance and corporate social responsibility as well as legal, human resources and health and safety. Step 3 had a strong financial focus and consisted of a day dedicated to meetings with the group chief financial officer, group financial controller, chief information officer, director of risk and internal audit as well as the external auditor. Step 4 will consist of site visits due to be arranged during the course of H1 2018.

BOARD AND COMMITTEES PERFORMANCE REVIEW

In accordance with guidance from the Code, the board and its committees are assessed yearly with the support of an external facilitator. During 2017, a fully externally-facilitated exercise was carried out by Oliver Ziehn and Merlin Underwood of Lintstock. Oliver Ziehn, Merlin Underwood and Lintstock have no other connection with the company.

Stage 1

A thorough brief was provided by the chairman and company secretary in July 2017. Lintstock was given access to information about the board and particular areas of focus. Tailored questionnaires were then developed for the board and each committee.

In early October, each of the directors, company secretary, Group HRD, Group Corporate Affairs Director, Director of Risk and Internal Audit, Group Financial Controller, Director of Compensation and Benefits, other regular board committee attendees, audit partners from PwC and Deloitte (remuneration consultant) was invited to complete the questionnaires online.

In late October and early November, the Lintstock team conducted detailed interviews with each board director and the company secretary.

Stage 2

The Lintstock team compiled a report based on information and views gathered through replies to the questionnaires and follow-up interviews. Lintstock also reported on the performance of each of the directors and separately on that of the chairman.

Stage 3

The reports, conclusions and recommendations were considered and discussed by the board and each of the board's committees when reviewing their performance and informed the planning for the board and committees' priorities in 2018.

As part of this process, the individual director reviews were used as the basis for the chairman's individual discussion with each of the directors about their performance and any training and development needs. The results of the board review were considered as part of the review of the committees' composition by the Nomination Committee in December.

The report on the chairman was used to inform the discussion amongst the non-executive directors conducted by the Senior Independent Director about the chairman's performance without the chairman being present.

BOARD REVIEW OUTCOME

Board

The conclusions of this year's review were positive and confirmed that the board operates effectively, with the board dynamics notably enhanced by recent additions to the board and by good information flow. Other areas which received positive feedback included the board's relationship with senior management, time management and board support.

A number of areas for further focus were also identified. These included greater focus on succession planning, monitoring the implementation of strategy and the use of technology, gaining a better understanding of certain stakeholders' views, particularly those of customers, continued focus on corporate culture and fostering an environment conducive to the reporting of serious concerns through the available channels.

Committees

The committees of the board were also reviewed and the results of the evaluation were also positive with committees perceived to be running efficiently and making effective decisions.

Further information about the results of each committee review and how these results inform the following year's plan can be found in each of the board committee reports.

Chairman

The chairman's performance was highly rated and his relationship with all board members identified as a particular strength.

BOARD ACTION PLAN 2018

The board action plan for 2018 was informed among other things by the results of the board evaluation process and will include:

- Annual review of Group strategy and execution of the strategy
- Monitoring the effectiveness and performance of the organisation
- Application of security technology in the business
- Induction and integration of new board members
- Board and management succession planning
- Maintaining understanding of the Group's stakeholders, including customers, employees and shareholders
- Continued focus on corporate culture

STAKEHOLDERS

With about 570,000 employees operating in a variety of sectors in over 90 countries, often in challenging environments, the Group has a large and rich stakeholders' network.

The board's engagement with the Group's stakeholders takes a variety of forms and provides invaluable feedback that informs the board's decision-making process.

SOCIETY

- The CSR Committee received a presentation on CSR activities in developing countries and discussed these activities in light of the results of the materiality exercise undertaken during the year
- The board received an update on Africa's pan-regional project, focusing on development through sport initiatives and in particular rugby. The project runs in several countries where G4S partners with Bhubesi Pride Foundation to carry out annual rugby coaching events, providing support including delivering talks on topics such as health and safety, career, life skills and the environment

CUSTOMERS

- Two customer-site visits were organised during the year and members of the board were able to meet and receive direct feedback
- The CFO and other senior executives provided customer feedback and information to the board during the year
- The board sought to understand customer constraints and requirements as part of consideration of large contracts bid or renewal
- The CEO, CFO and chairman attended a number of meetings with customers

EMPLOYEES

- The board met employees during visits to other parts of the business such as the board visit to the Americas at which the board met the senior management team as well as line management and operational employees both at the regional office and during customer site visits. Further details of the board's trip to the Americas businesses are set out below
- A number of board members attended the Global Leadership forum in London in March 2017
- The board received regular health and safety reports
- The results of the biennial employee survey were presented to the board

SUPPLIERS

- During the year, the Supplier code of conduct was reviewed and reinforced to ensure greater alignment with our values

BOARD TRIP TO NORTH AMERICA

Values	Integrity and Respect
	Safety, Security and Service Excellence

In April 2017, the board meeting was held at the Group's North America headquarters located in Jupiter, Florida. The board met with the North America senior management team as well as the Latin America management team. The board received in-depth presentations from both management teams and had the opportunity of meeting the senior team informally as well.

During the trip, the board saw a demonstration of the retail cash solutions suite of products offered by the business and visited a customer facility at which such solutions are deployed

In addition, the board visited a customer location at which integrated security solutions are provided, meeting both G4S personnel and customers.

IMAGE REMOVED

- The primary means used by the board for communicating with all company shareholders are the annual report, annual results, half-year results and the AGM.
- The section of the website dedicated to investor relations is also a useful tool, facilitating communication with institutional and private investors. It can be found at g4s.com/investors and includes material shared with institutional shareholders and analysts at company meetings.

Analyst and investor meetings and presentations

- Presentations as well as analyst and investor meetings are held following the release of the company's annual results and half-year results announcements. These are also streamed via live webcast for those unable to attend in person.
- After each such event, the presentation is made available in the Investor Relations section of the website.

Other shareholder meetings

- The company actively seeks to engage with shareholders and during 2017 the chief executive officer and the chief financial officer had contact via one-on-one meetings, group meetings and telephone conference calls with current and potential shareholders as well as with analysts.
- The shareholders covered represented around 65% of the total share register (which includes passive funds) and over 200 institutions. The number of meetings is driven by demand. These meetings tend to be focused primarily on the Group's trading operations and the implementation of its strategy.
- In addition, during the year, the chairman, director of investor relations and company secretary met with major shareholders as part of an annual round of governance meetings.
- The chairman reported on those meetings to the board.
- The chair of the CSR Committee, Clare Spottiswoode, and relevant senior executives organised a meeting with a group of Socially Responsible Investors in June 2017, updating them on the Group's corporate responsibility programme. She reported feedback received to the board.

Annual general meeting

- The company's annual general meeting is an important opportunity for communication between the board and shareholders, particularly private shareholders.
- The next annual general meeting is due to take place on 15 May 2018, at the Holiday Inn in Sutton, and details of the meeting and the resolutions to be proposed are set out in the Notice of Meeting available to download from the website. It is intended that all the directors will attend and be available to answer questions from shareholders.
- The meeting will be informed of the number of proxy votes cast and the final results of votes on the resolutions will be published subsequently on the website.

STRATEGY SESSION AT UK TECHNOLOGY CENTRE

Values	Safety, Security and Service Excellence
	Innovation and Teamwork

In October 2017, the board and group executive team held a two-day strategy session at the G4S Technology Centre in Tewkesbury, England. The business had just exhibited at ASIS, the largest tradeshow in North America and launched a number of new products, including 'RISK360' version 7 and a number of AMAG products.

Senior management at the technology centre provided demonstrations of these products, which enabled the board to gain a deeper understanding of the Group's technology solutions.

IMAGE REMOVED

THE NOMINATION COMMITTEE

IMAGE REMOVED

"2017 was again a busy year for the Nomination Committee. Adjustments to committee composition were required after a sudden onset of ill-health forced a newly appointed non-executive director to take a leave of absence before retiring from the board. Subsequently a new non-executive director qualified to act as chairman of the Audit Committee was recruited.

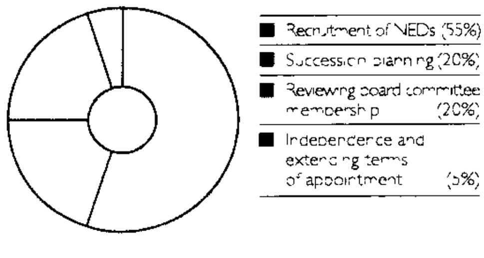
The committee also focused on identifying and planning for the long-term needs of the company."

Committee membership during 2017	Member since
John Connolly (Chairman)	June 2012
Steve Mogford	May 2016
Barbara Thoralfsson	July 2016

The Nomination Committee meets on an ad hoc basis, when the need arises. In 2017 the committee met four times.

Members' attendance at committee meetings is shown on page 74

Main activities of the Nomination Committee during the year (%)



Responsibilities

The Nomination Committee's remit covers broadly five areas, namely board composition, making recommendations to the board on appointments with a view to maintaining a balance of skills and experience on the board and its committees, succession planning, board performance evaluation and annual reporting.

The committee's terms of reference are available at g4s.com/investors

Board composition

In January 2017, the Nomination Committee met to discuss the adjustments that should be made to the composition of the Audit Committee following the sudden onset of a medical condition, which prevented Ian Springett from taking on his role as chair of the Audit Committee.

Based on the information available at the time, the Nomination Committee considered the interim steps that should be taken to ensure the Audit Committee carried on operating effectively. Mindful of the Code and DTR 7.1 requirements with regard to the composition of the Audit Committee, the committee reviewed the skills and experience of the board members and identified Paul Spence, who had strong and effective leadership and communication skills and was already a member of the Audit Committee as well as chair of the Risk Committee, and Winnie Fok, who had accounting qualifications and audit experience and who was previously a member of the Audit Committee.

The Nomination Committee went on to recommend to the board Paul's appointment as interim chair of the Audit Committee and that of Winnie as an additional member.

On 20 June 2017, due to continued ill-health, Ian Springett retired from the board. The Zygos Partnership (Zygos) was appointed to assist with the search for a new non-executive director qualified to act as the chairman of the Audit Committee. Zygos, who has no connection with the company other than as provider of recruitment consultancy services to the Nomination Committee, was provided with a brief, setting out the requirements for the role to be filled and preferred attributes of potential candidates. In selecting candidates consideration was given to the skills and competence required to fill the role, the need to maintain and enhance diversity of relevant skills and experience on the board, as well as corporate culture and fit. Shortlisted candidates were then interviewed by the chairman, the members of the committee as well as the chief executive officer and the chief financial officer.

The recruitment process initiated by the Nomination Committee led to the appointment on 1 January 2018 of John Ramsay.

Succession planning

Succession planning is very much a matter for the board as a whole and is considered by the board at least once a year. This year, as in previous years, the entire board reviewed succession plans as well as talent management and development for the senior management team.

In addition, at its December meeting, the Nomination Committee reviewed and discussed the results of the board evaluation on current skills and experience available on the board. Discussing what further skills or experience may be useful to enable the board to support the developing needs of the Group helps inform future board recruitments.

The committee also gave further consideration to board succession plans. Clare Spottiswoode having indicated that she would not seek re-election at the company's 2018 AGM, the committee initiated a search for a new non-executive director to join the board in due course and Zygos was appointed to assist with the search. A tailored brief, setting out the particular requirements for the role was developed and provided to Zygos. Consideration was given to the need for potential candidates to possess a range of skills and experience allowing them to make a meaningful and broad contribution to the board.

Diversity

Diversity is a matter for the board as a whole and is an integral part of succession planning and recruitment for the board and senior management team. The board's approach to diversity is set out on page 74.

The Nomination Committee seeks assistance from executive search agencies which are signatories of the Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted.

Consideration is also given to diversity when reviewing board composition and the result of the annual board performance evaluation.

Directors' length of service

As part of its annual review of the board composition, the Nomination Committee reviews the directors' length of service. In line with our Remuneration Policy, executive directors have a rolling service contract, whereas non-executive directors are appointed for an initial term of two years. Further information about the key features of the executive directors' service contracts and non-executive directors' letters of appointment can be found on page 112.

The table below sets out the date of appointment and (where applicable) unexpired term remaining for current members of the board.

Independence and re-election to the board

John Daly's term of appointment, which was due to expire in June 2017, was considered by the Nomination Committee in May. The committee was satisfied that John continues to remain independent and committed to his role as a director and as chairman of the Remuneration Committee.

In coming to this conclusion, the committee took into account his experience, qualities and skills, as well as his other commitments. The committee recommended to the board that his appointment be extended.

Committees composition

In December, the committee reviewed the composition of the committees of the board. Taking into account the balance of skills and experience on each committee, it was felt that Steve Mogford, as a current serving CEO with experience of delivery of complex programmes, would bring additional relevant expertise to the Risk Committee and that John Ramsay's extensive experience in emerging markets would enable him to make a valuable contribution to the CSR Committee.

Committee performance

The performance of the Nomination Committee was reviewed as part of the process undertaken by each of the board committees, with assistance from Lintstock.

Although the committee was considered to be effective, greater emphasis on succession planning was identified as an area for increased focus, and is included as a key area for the committee's work in 2018. The committee will also continue to ensure that it has appropriate plans for board and executive succession, which promote diversity of gender and social and ethnic backgrounds.

Director	Date of appointment	Unexpired term
Executive directors		
Ashley Almanza	1 May 2013[a]	n/a
Tim Weller	1 April 2013[b]	n/a
Non-executive directors		
John Connolly	8 June 2012	3 months
John Daly	5 June 2015	15 months
Winnie Fok	1 October 2016	7 months
Steve Mogford	27 May 2016	3 months
John Ramsay	1 January 2018	22 months
Paul Spence	1 January 2013	10 months
Clare Spottiswoode[c]	14 June 2010	3 months
Barbara Thoralfsson	July 2016	4 months

a. Ashley Almanza was appointed to the board on 1 May 2013 as chief financial officer and took on the role of chief executive officer on 1 June 2013.

b. Tim Weller joined the board on 1 April 2013 as a non-executive director until 24 October 2016 when he became chief financial officer.

c. Clare Spottiswoode will retire from the board at the conclusion of the company's AGM on 15 May 2018.

THE CSR COMMITTEE

IMAGE REMOVED

"Our people and values underpin everything we do. Our updated values are the standards which we have set for ourselves, the organisation as a whole and our stakeholders. In 2016 they were re-launched across the Group supported by a targeted communications programme, awareness building and training materials. The committee will continue to work to ensure that the values are embedded firmly throughout the entire organisation. This is my last statement as chairman of the CSR Committee. After almost eight years as a non-executive director, I will step down from the board and its committees at the conclusion of the company's annual general meeting in May. I am pleased that since joining G4S in 2010, CSR has become firmly embedded in the Group's processes and forms an integral part of our overall strategy.

Despite a distinct improvement in work-related fatalities in 2017, the committee's focus on health and safety will continue to remain a key part of its activity during 2018, as we re-affirm our goal of zero-harm."

Committee membership during 2017

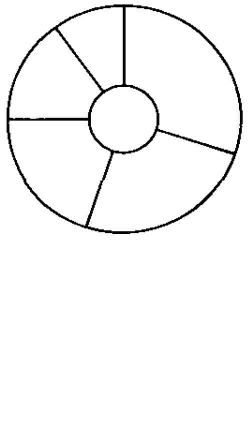
	Member Since
Clare Spottiswoode (Chair)	January 2012
Winnie Kin Wah Fok	March 2012
Paul Spence	January 2013

John Ramsay joined the board and the CSR Committee on 1 January 2018.

Other regular attendees include the chief executive officer for care & justice services, the regional president for the Africa region, the group corporate affairs director and the group HR director.

There were three scheduled meetings and one unscheduled meeting of the CSR Committee during 2017. Members' attendance at committee meetings is shown on page 74.

Main activities of the CSR Committee during the year (%)



Responsibilities

The Group takes a holistic approach to corporate and social responsibility. The scale of the Group, geographic spread of its activities and the complex environments our employees operate in creates a variety of challenges. The CSR Committee was established in 2011 to review and monitor the Group's CSR approach, which includes developing policies on various CSR-related matters for consideration by the board and to review and monitor how the Group performs against relevant policies. It oversees reporting on CSR matters and progress made during the year. Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at g4s.com/investors.

Specific issues

The CSR Committee receives regular updates on current issues from the human resources and CSR teams.

In late August 2017, G4S became aware of allegations regarding the conduct and behaviour of a number of staff at Brook House Immigration Removal Centre.

In response to these allegations G4S took immediate action to strengthen the safeguarding of detainees at Brook House. Together with the UK Home Office, an action plan was agreed and a joint working party created to oversee its implementation. The actions outlined in the plan are well underway and many have been completed. The key objective throughout has been to ensure that detainees are safe at Brook House.

Investigations into staff conduct resulted in the dismissal of six members of staff. The committee has received regular updates on the measures that have been taken to address the issues raised, and on progress of investigations and operational improvement plans. I visited the centre personally in December to discuss the issues with managers, staff and detainees on site and to see the progress first hand.

We have commissioned Verita, a specialist consultancy, to carry out an independent review to understand the extent and root causes of the issues at Brook House. The review is examining G4S' management, operational and staffing arrangements and the practices and behaviour of G4S' staff. It is also assessing how G4S oversees the care and welfare of detainees, including in relation to mental-health issues, self-harm, violence prevention, use of force and proper reporting of incidents.

The review is led by Kate Lampard CBE, a former barrister and vice chair of the South of England Strategic Health Authority and of the Financial Ombudsman Services Limited. The findings will be presented directly to the Home Office and the CSR Committee.

Culture and values

As a principal risk for the Group, culture and values as well as ethical compliance were reviewed by the board as a whole during the year. In addition, the CSR Committee oversees the programme supporting the embedding of the values across the Group including in all HR processes, from recruitment through to evaluation and performance management. The committee also reviewed and discussed the various initiatives that supported the launch of the values, including training for management and front-line employees and enhanced communication of the whistleblowing arrangements to all employees

Health and safety

As part of the CSR Committee's focus on health and safety during the year, the committee oversaw an initiative to refresh health and safety induction training for front-line employees and the re-issue of a simplified firearms policy across the Group

As part of its normal cycle of work, the committee received regular health and safety reports including updates on on-going initiatives and details of future plans and summaries of incidents

Sadly in 2017, 25 employees lost their lives in work-related incidents. Although this is a significant reduction over previous years, in part, as a result of a reduction in road traffic accident fatalities, the focus and work of health and safety professionals and management teams in this area will continue. We will build on this progress and re-affirm our goal of zero harm. To further this endeavour and as mentioned last year, in 2017 the CSR Committee reviewed and supported the adoption of a new and consistent definition of High Potential Incidents ("HPIs") and the embedding of HPIs reporting across the Group. Work to ensure consistent reporting of HPIs is on-going, so as to ensure valuable insight is captured and efforts are focused preventatively

Materiality Assessment

In order to ensure that G4S' approach to CSR remains focused on the areas that are most relevant to the business and its stakeholders, a wide-ranging materiality assessment of ethical and sustainability issues is carried out. The committee's work also included overseeing this process, which is conducted with the support of an external facilitator every two years

The results, which inform future reporting and strategy, confirmed three core priority ethical and sustainability areas for the Group during 2018 and 2019

1) Health and safety

2) Human rights

3) Anti-bribery and corruption

The assessment reinforced the importance of G4S' ethics, culture and values, as well as employee standards and behaviour in preventing issues and poor performance across the Group's core priorities and other CSR matters

Further information can be found at g4s.com/csr

Integrated CSR reporting

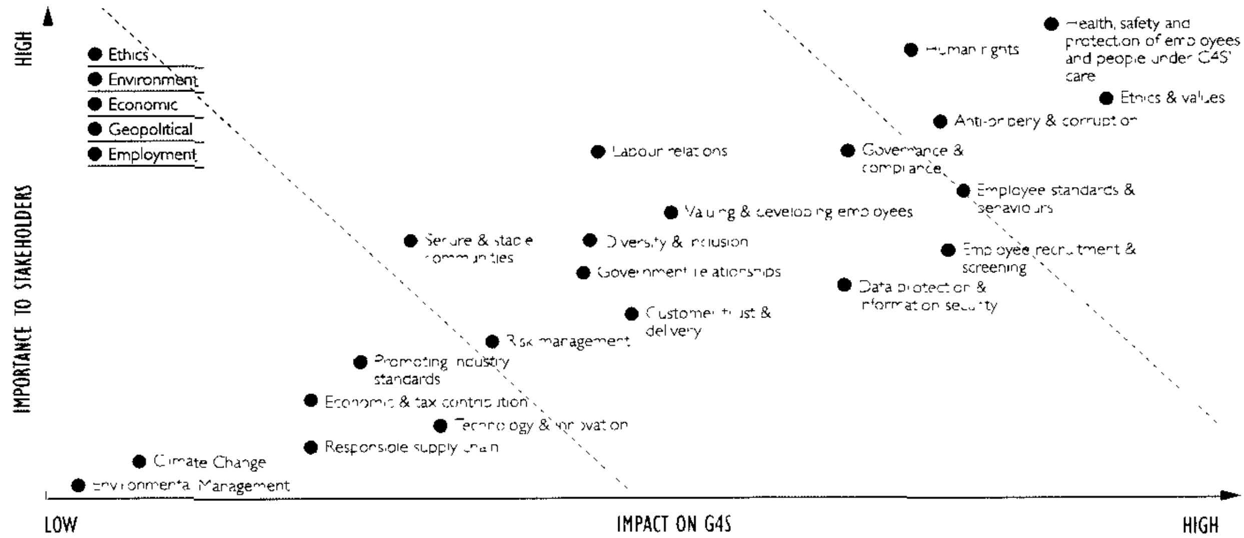
The Group's approach to corporate and social responsibility is now firmly embedded in the Group's business processes, from employee recruitment and supplier management to bidding and contract delivery. As a result, during the year the CSR Committee considered whether the CSR approach and activities should continue to be reported on a standalone basis in a separate report or whether it was more appropriate to integrate CSR activities fully with the company's annual report and accounts. It was decided that a fully-integrated report was more representative of the Group's approach

Committee performance

The assessment of the committee's performance conducted as part of the overall board review process with assistance from Lintstock, concluded that the committee continued to provide good oversight and challenge over the Group's CSR strategy

For 2018, the committee will review the scope of its remit and activities, and continue to support the communication of the Group's values and whistleblowing arrangement. In addition, informed by the result of the materiality assessment, the committee will continue to focus its work on issues that are material for the Group

CSR Materiality Matrix



RISK COMMITTEE REPORT

IMAGE REMOVED

"The creation of sustainable value for our stakeholders requires effective risk management.

The Risk Committee's oversight of the Group's risk management framework seeks to balance a robust approach to risk management, in particular risk mitigation, with the need to encourage and support the entrepreneurial spirit that drives growth".

Committee membership during 2017

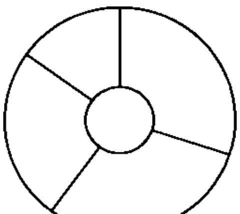
	Member since
Paul Spence (Chairman)	January 2013
Ashley Almanza	May 2013
John Connolly	January 2013
Tim Weller	April 2013

Steve Mogford joined the Risk Committee on 1 January 2018.

Other regular attendees include the group director of risk and internal audit.

There were four scheduled meetings held during the year ended 31 December 2017. Members' attendance at committee meetings is shown on page 74.

Main activities of the Risk Committee during the year (%)



- In depth review of specific high risk contracts/projects (30%)
- Risk Governance/Internal Control (30%)
- Contract Risk Management (25%)
- Committee governance and reporting (15%)

Responsibilities

Formed in 2013, the Risk Committee advises the board on the Group's overall risk appetite, reviews and approves the Group's risk management strategy, advises the Audit Committee and the board on risk exposures and reviews the level of risk within the Group. The Risk Committee also assesses the effectiveness of the Group's risk management systems and reports thereon to the Audit Committee.

The committee's composition ensures that a broad set of skills and experience comes together to look at how the Group manages risk in the business. Further details can be found in the committee's terms of reference available at g4s.com/investors.

Risk governance

As part of its continued focus on risk governance, the committee reviewed and discussed proposed amendments to Group risk management policies. The committee also reviewed both the process and results of control self-assessments (CSAs) completed by business units across the Group on a regular basis. The CSAs, which cover many of the control standards addressing the Group's high inherent risks, are seen as a positive way in which to ensure that key controls specified by the Group to reduce such risks are embedded and compliance enhanced. During the process, regional functional leaders review and challenge the results of the business units. The internal audit function also performs tests to identify and correct any potential discrepancy between the results of CSAs and its findings. The committee also reviewed the Group's risk appetite and recommended its approval by the board.

The committee also reported to the Audit Committee to confirm that it was satisfied that the Group's risk management processes were appropriate.

Principal risks

During the year, the Risk Committee received regular updates on the progress of and in mitigating the Group's principal risks set out on pages 62 to 65.

Presentations on information security, laws and regulations, cash losses and culture and values covering the inherent risk, mitigations in place and management of the residual risk, were also received. Further details of the significant risks and uncertainties facing the business are set out on pages 60 to 65.

Major contracts and projects

Contract-risk management continues to remain a key area of focus for the company and the committee, which undertakes a review of a major contract at each of its meetings.

In addition, the committee has particular oversight for the project developing lean-order-to-cash processes through the development and implementation of a standard IT system for the manned-security operations, Project Javelin. The committee receives regular reports on this project and oversaw the launch of the pilot project in Ireland in the last quarter of 2017. Further information about this project is set out on page 29.

Committee performance

The committee's performance is assessed every year. In 2017, the result of the assessment performed by Linstock showed that the committee continued to be effective and to provide valuable oversight of the risk management framework.

In 2018 the committee will continue its focus on major contracts and projects as well as principal residual risks. The committee also plans to increase its focus on operational risk and to reinforce its oversight of technology and innovation as well as cyber-risk.

The Audit committee report

THE AUDIT COMMITTEE

IMAGE REMOVED

John Ramsay
Audit Committee Chairman

"As announced in December 2017, I joined the board on 1 January 2018 and succeeded Paul Spence as chairman of the Audit Committee from the same date. Paul, who remains a member of the committee, was very supportive during the transition process and I am very grateful for his continued support.

During the year, the Audit Committee's work continued to focus on enhancing the Group's control environment, the quality of our group financial reporting and the effectiveness of the external and internal audit processes."

Committee membership during 2017

	Member since
Paul Spence (Chairman)	January 2013
John Daly	May 2015
Winnie Fok	January 2017[a]
Steve Mogford	May 2016
Ian Springett	January 2017[b]

a Winnie Fok was previously a member of the committee between October 2010 and December 2012. She stepped down from the Audit Committee on 1 January 2018.

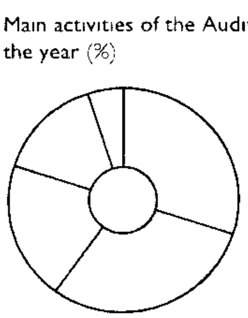
b Due to continued ill health Ian Springett retired from the Audit Committee and the board on 20 June 2017.

On 1 January 2018, John Ramsay joined the board and took over the role of chair of the Audit Committee.

Regular attendees include the chief financial officer, the group financial controller, the company secretary, the group director of risk and internal audit and representatives of the Group's external auditor. The chief executive officer also attends meetings from time to time when invited by the chairman. During 2017, the chairman of the board, a chartered accountant who spent his executive career with Deloitte, also attended most meetings.

There were four scheduled meetings held during the year ended 31 December 2017. Members' attendance is shown on page 74.

Main activities of the Audit Committee during the year (%)



- Effectiveness of financial controls and risk management procedures (30%)
- Financial reporting (30%)
- Internal audit (20%)
- External audit and non-audit services (15%)
- Whistleblowing fraud allegations (5%)

Committee membership

As reported previously, Ian Springett was appointed to the board and as chair of the Audit Committee with effect from 1 January 2017. Unfortunately, in January 2017 Ian had to take an extended leave of absence in order to undergo treatment for a medical condition. Accordingly with effect from 20 January 2017, Paul Spence was appointed as chairman of the Audit Committee and Winnie Fok became a member. Paul was already a member of the committee and Winnie brought an accounting and audit background.

The board was satisfied that Paul and Winnie together with the other members of the committee brought significant and relevant experience gained at senior-management level and that the committee's composition met the requirements of DTR7.1 during the year. Their skills and experience are set out on pages 68 and 69. However the Audit Committee did not have a member with recent financial experience. Mindful of the need to ensure continued application of main principle C.1 of the code, additional steps were taken, including further support and training provided to the chair as well as the promotion of greater interaction with the external auditor.

In June, due to continued ill health Mr Springett stepped down from the Audit Committee and the board. Following a search for a new non-executive director qualified to act as chairman of the committee, John Ramsay was appointed to the board and as chair of the Audit Committee on 1 January 2018.

Responsibilities

The committee ensures that there is effective governance of the Group's financial reporting and internal controls to safeguard the integrity of its financial statements and the adequacy of related disclosures, and assists the board in relation to its consideration of whether or not the annual report of the Group is fair, balanced and understandable. The committee also has oversight of the performance of both the internal audit function and the external auditor.

During the year, the terms of reference of the Audit Committee were reviewed, following which a minor amendment was made. The terms are available at g4s.com/investors.

The committee has an annual agenda, which includes standing items that the committee considers regularly, as well as specific matters that require the committee's attention.

At the end of each meeting, a private session is held by the Audit Committee with representatives of the Group's external auditor or with the Group director of risk and internal audit, without members of the executive management team being present.

After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

Significant judgments and issues considered by the Audit Committee

The primary judgments and issues considered by the committee in the 2017 financial statements, and how these were addressed, were:

ONEROUS CONTRACT PROVISIONS

Description

The Group delivers certain long-term outsourcing services that are complex in nature. Some of those contracts may evolve to become loss-making, such that net unavoidable losses are expected over their life. This requires determining the net present value of estimated future losses in order to calculate an appropriate onerous contract provision. The identification and measurement of such provisions require significant judgment, given the extended time periods often involved and the number of variables that are not all within the Group's control.

In particular, judgment is required in assessing the future expected revenue and costs, including determining the expected impact of any profit improvement plans (PIPs), the level of any related lifecycle funds and the estimated costs for the remaining life of the contract, and an appropriate discount rate to apply to material future cash flows.

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's Review on page 37.

Action taken

The committee reviewed in respect of each onerous contract the critical assumptions provided by management and enquired about the judgments made, the robustness of the assumptions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgments.

The committee also reviewed the disclosure provided in relation to these contracts, and in particular in relation to a dispute with a subcontractor in respect of one of these onerous contracts.

Conclusion

The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2017 were appropriate.

COMPLIANCE WITH FOREIGN-OWNERSHIP RESTRICTIONS AND CONSOLIDATION OF UNDERTAKINGS

Description

In markets where foreign ownership restrictions (FORs) apply, the Group seeks to ensure that it complies with foreign ownership laws and regulations and meets the relevant accounting standards (IFRS10). Professional advisors are typically retained to establish and maintain contractual ownership structures, which comply with local laws and regulations relating to foreign ownership.

When restrictions apply to direct share ownership, the Group also exercises influence or control through arrangements, including shareholder agreements.

FORs can limit the Group's ability to do business or invest in certain markets and could result in a loss of management control.

Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control were to be undermined by FORs.

Action taken

The committee reviewed the Group's portfolio of investments in countries where FORs apply.

In addition the board reviewed the monitoring process in place for key markets, discussed relevant changes in law and regulations, their potential impact on the Group, and, where relevant, reviewed mitigation plans.

The committee also received specific reports in relation to a number of countries.

Conclusion

The committee was satisfied with the Group's processes and approach to foreign ownership and consolidation of undertakings.

This will remain an area of focus to ensure that the committee remains abreast of changes in laws, regulations and standards.

ALTERNATIVE PERFORMANCE MEASURES

Description

The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its financial performance, given that management views it as being more representative of the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence (see page 35 for further details). Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results. Further details on separately disclosed items are set out in note 8.

Action taken

The Audit Committee reviewed and challenged, in light of the guidance issued by the FRC in December 2013, October 2016 and November 2017, and the results of the FRC review of the 2016 Integrated Report and Accounts, the enhanced disclosures prepared by management in the 2017 Integrated Report and Accounts (pages 35 and 36) in relation to alternative performance measures (APMs) and specific items. The committee observed that the Group's accounting policies were being applied consistently from year to year, and considered whether specific items were being identified in line with Group policies and that these items included both debits and credits as appropriate.

The committee also reviewed information from management to satisfy itself that changes in estimates related to items that were classified as specific items were treated equally and consistently as specific items, in particular for both increases and decreases of provisions.

Conclusion

The committee was satisfied that the Group's definition of APMs, and in particular in relation to specific and other separately disclosed items, had been applied correctly and that the designation of specific items was subject to objective and balanced criteria. The committee noted the enhanced disclosure and explanation on APMs and considered that these give a meaningful and balanced view of the operations of the Group.

GOODWILL IMPAIRMENT TESTING

Description

The total value of the Group's goodwill as at 31 December 2017 was £1.9bn, a significant proportion of which was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

The Group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that an impairment may be needed. The impairment analysis consists of the estimation of the recoverable amount of goodwill supported by the Group's cash generating units, which requires significant judgment, primarily in relation to the achievability of long term business plans and future cash flows. Such achievability is dependent on circumstances both within and outside management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used, and in relation to the macro-economic assumptions and related modelling assumptions underlying the valuation process.

As a result of the annual review of the carrying value of goodwill no impairment charge to goodwill was required (see notes 4 and 18 to the consolidated financial statements). The full methodology and results of the Group's impairment testing, including an analysis of the sensitivity of goodwill to the key assumptions, are provided in note 18.

Action taken

The Audit Committee reviewed the methodology and results of the impairment tests prepared by management.

The Audit Committee reviewed the assumptions used in relation to long-term growth, the resulting headroom and the sensitivities applied by management. In addition, these results were considered against alternative valuation bases such as reference to transactions for similar assets in similar locations, both within the Group and external to the Group.

For those businesses that are expected to be sold as part of the strategic portfolio management programme the Audit Committee reviewed the recoverable value on the basis of expected sale price less costs to sell.

Finally, the Audit Committee considered the adequacy of the disclosures provided, particularly in respect of cash generating units where changes in key assumptions could give rise to an impairment.

Conclusion

The committee was satisfied with the carrying value of goodwill and related disclosures as at 31 December 2017.

TAXATION

Description

The Group operates in around 90 countries and is therefore subject to numerous reviews by individual tax authorities in the ordinary course of business. In some countries, tax legislation is not consistently applied and under some complex contractual structures, the responsibility for tax arising is not always clear. Judgments and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. In some instances, tax reviews may result in claims being raised by tax authorities. Any claims are handled by the local legal entity in the first instance. More complex cases are reviewed by the Group tax function and provisions, where necessary, are made based on the best estimate of the likely outcome.

The Group recognises deferred tax assets in respect of temporary timing differences, mainly in relation to pension arrangements, fixed assets and carried forward losses. At 31 December 2017, total deferred tax assets were £240m (2016: £285m). Recognising such assets requires an assessment of their likely recovery through utilisation, which includes an assessment of the taxable profits expected to be made in each of the relevant jurisdictions in the future. Deferred tax assets can be affected by changes in legislation and in tax rates.

Action taken

The Audit Committee reviewed the Group's tax strategy, including the tax report and tax risk management processes and the board approved the tax policy which complies with the UK Confederation of British Industry's seven tax principles.

The committee also reviewed information prepared by management in relation to existing or potential tax exposures, the adequacy of the provisions recorded, their treatment and disclosure in the financial statements and emerging matters arising from the OECD's Base Erosion and Profit Shifting framework.

The committee reviewed information prepared by management supporting the recoverability of deferred tax assets, considered the period of time under which these assets would be recovered and made enquiries of the external auditor on the appropriateness of the Group's tax position. The committee reviewed the impact of the US tax reform and in particular to the recognition and re-measurement of US deferred tax assets and reviewed the disclosure provided in this area.

Conclusion

The committee was satisfied with the Group's approach to tax, with the assessment of recoverability of deferred tax assets and with the accounting treatment and disclosure of tax exposures.

The committee was satisfied that the disclosure provided in connection with the US tax reform was clear and appropriate.

LAWS AND REGULATIONS

Description

The Group operates in many jurisdictions globally, with complex and diverse regulatory frameworks. Due to such operations, the Group faces many associated risks including increasing litigation and class actions, bribery and corruption, obtaining operating licences, complying with local tax regulations, changes to and application of employment and employee remuneration legislation, complying with human rights legislation, and new or changed restrictions on foreign ownership. Furthermore, the Group may face new or changing regulations which may require modification of its processes and staff training. Not being compliant with applicable laws and regulations can have far-reaching consequences, including higher costs from claims and litigation, inability to operate in certain jurisdictions, loss of management control, and damage to the Group's reputation.

Action taken

During the year the committee received a report from the Group General Counsel, analysing significant areas of exposure to claims and areas where in particular laws and regulations are complex and there is therefore an inherent risk to the judgment made when applying those laws and regulations. For the most material items, the committee was provided with regular updates throughout the year.

Conclusion

The committee was satisfied that the provisions booked at 31 December 2017 were appropriate. The committee was satisfied that the disclosure for the judgments made in relation to contingent liabilities was clear and appropriate.

RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description

The Group operates in around 90 countries and has around 600 legal entities, with a significant number of local financial systems and processes. This leads to an inherently-diverse set of processes and controls that rely on local capabilities for implementation and execution of the controls. As set out on page 61, the Group has adopted a three-lines-of-defence model to control and manage risks across the Group.

Over the course of the last four years the Group has made significant investment in strengthening capability in finance, internal audit and risk, and has introduced additional internal controls and enhanced Group oversight to mitigate these risks. These include monthly reviews of the quality of earnings, a comprehensive internal audit plan and a regular cycle of reviews of local business unit or country balance sheets and controls.

Action taken

The committee oversaw the progress made over embedding minimum financial controls and received regular updates on the overall control environment of the Group, including results of internal audits, training and up-skilling of capabilities across the Group, as well as the regular reports from the external auditor and the output of the whistleblowing process.

The committee confirmed in particular that controls had been strengthened to minimise the risk of re-occurrence of control failures that required the restatement of the 2014 annual results and balance sheet in the 2015 Integrated Report and Accounts. The committee also considered progress made to reduce reliance on manual controls, by developing and integrating financial and operational systems across the Group.

Conclusion

The committee acknowledged the progress made in relation to the strengthening of controls and the plans in place to reduce the number of systems and reliance on manual controls across the Group, but noted that, although good progress has been made to date, significant work remains to be done.

Viability statement

At the March 2018 meeting, the committee reviewed a paper prepared by management which examined the longer-term solvency and viability of the Group. The committee tested the underlying assumptions and analysis performed by management, reviewed assurance work carried out and considered the appropriateness of the timeframe of the assessment. The committee was satisfied that the three-year period covered by the viability statement remains appropriate in that it aligns with the Group's regular business planning period, over which management has a reasonable level of confidence in its projections reflecting the life cycle of the majority of the Group's contracts, and takes account of the limited visibility on material bidding opportunities in the pipeline beyond that period. The committee also reviewed and challenged the outcome of the stress-testing of projections by management.

The committee recommended to the board that the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment, as set out on page 92.

Fair, balanced and understandable

One of the key compliance requirements of a group's financial statements is for the annual report, taken as a whole, to be fair, balanced and understandable. Guidelines on Alternative Performance Measures (APMs) were issued by the European Securities and Markets Authority (ESMA) and have been applicable since July 2016. In addition, the FRC issued a 'Frequently Asked Questions' guidance document and published the results of its thematic review on this matter in November 2017. The committee considered each of the above in assessing whether the Group's annual report was fair, balanced and understandable.

The committee reviewed a paper setting out the approach taken by management in the preparation of the annual report to ensure it met the requirements of the FRC's Code and the ESMA guidance including the reasons for and clear explanation of the non-GAAP measures used by the Group in reporting its results for the year. The paper described the process and procedures followed and detailed the steps taken in each of the sections of the annual report to ensure that the information presented was complete and accurate. This paper also described the review processes carried out internally to ensure that the annual report is fair, balanced and understandable. In addition, an external verification exercise was carried out to confirm that the information contained in the annual report is supported either by factual evidence, or by confirmation from management where such information is a statement of belief or intent.

The committee was satisfied with the work performed and advised the board that the annual report, taken as a whole, presents a fair, balanced and understandable view of the business and its performance for the year under review.

Internal control

Since 2013, the Group has had a heightened focus on improving systems of internal control and risk management for financial reporting. The main features of these control systems include clearly-defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as for external reporting.

The system is designed to ensure the integrity of financial reporting and the committee's responsibility is to ensure that these internal controls remain effective. The committee does this primarily through receiving reports from management, from the internal audit function and from the external auditor.

The committee reviewed progress on the strengthening of internal controls, and on plans to continue progress, which included a targeted audit plan for 2017 from Group Internal Audit for those areas where issues have been identified.

The committee also considered the plans being implemented by management to reduce reliance on manual controls, through the gradual implementation and integration of new financial systems.

Further details on internal controls are set out on page 61. The Audit Committee confirmed to the board that although it is satisfied that the Group's risk management and internal control processes and procedures are appropriate and effective, the need for continued focus on enhancing the internal control environment remains.

Internal audit

During 2017, the internal audit function focused on assessing the effectiveness of a broader set of mandated controls including Minimum Financial Controls, HR Core Standards, Driver and Firearms Controls, Human Rights and Anti-Bribery and Corruption, with the goal of focusing local management on the most material control issues specific to their local environment.

The Group finance function and Regional Audit Committees also provided support to assist in driving improvements where appropriate.

The internal audit function continued to provide support and guidance to business units to improve awareness of and compliance with Minimum Financial Controls.

In 2018, internal audits will continue to test the operational effectiveness of the Group's standards and controls. Precise coverage in each country will be determined through risk assessment.

External audit

Following an audit tender process during 2014 PricewaterhouseCoopers LLP (PwC) was appointed as the Group's new external auditor for the 2015 financial year. PwC was subsequently re-appointed for the 2016 financial year and at the 2017 AGM to hold office until the next AGM. Richard Hughes has been lead audit partner since the beginning of 2015.

During the year, the committee reviewed PwC's Group audit plan including the scope to be undertaken as well as their reports on external audit findings, with particular focus on the areas set out above. The committee also had private sessions with the external auditor both during the year and at the end of a number of Audit Committee meetings, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

In addition, in March 2017, the committee reviewed the report of the FRC on its review of PwC's audit of the 2015 Integrated Report and Accounts.

Non-audit services

To ensure that the independence of the audit is not compromised, the committee has put a policy in place covering the non-audit services that can be provided by the external auditor, the relevant approval process for certain services, and detailing those services which the auditor is prohibited from providing.

In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work, or result in the performance of management functions. Examples of non-permitted services are actuarial services, book-keeping services, internal audit outsourcing services and legal services.

The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits, above which further approval is required. All other services would require prior approval by the committee. Every year the Audit Committee reviews its policy on the provision of non-audit services by the external auditor.

The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent for the period through to 8 March 2018.

Details of the fees paid for audit services, audit-related services and non-audit services can be found in note 10 to the consolidated financial statements.

Effectiveness of the external auditor

A combination of formal and informal processes is used in the assessment of the effectiveness of the external audit process.

A formal questionnaire is completed at the end of the audit by members of the Audit Committee, by the Group finance department and by the finance directors of significant operations across the Group, and the results of those questionnaires are reviewed by the Audit Committee. The assessment of the external audit for 2017 concluded that it remained effective and that the external auditor is independent.

FRC review of the 2016 Integrated Report and Accounts

During the year the Group received a letter from the FRC confirming that the Annual Report for the year ended 31 December 2016 had been subject to a limited review by its Conduct Committee which is responsible for reviewing and investigating the annual accounts, directors' and strategic reports of UK public companies.

The key areas of focus were in relation to the use of alternative performance measures and compliance with the ESMA Guidelines and the commentary provided on IFRS measures in the strategic report.

As a result of on-going discussions with the FRC as part of its enquiry, we have considered the labelling of the alternative performance measures used and provided enhanced disclosure and explanations on page 44. We have also provided further and clearer narrative on *financial performance based on statutory measures*, on pages 38 to 43.

CMA Order Compliance

The G4S Group audit was put out to tender in 2014, following which PwC were appointed with effect from 2015.

The committee confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2004.

Committee performance

The assessment of the committee's performance, conducted with assistance from Lintstock, concluded that the committee had performed well during 2017, in particular in reviewing the quality of the Group's financial reporting.

In 2018, the committee will support the induction of its new chair, review internal and external audit coverage in light of the changing shape of the Group and, in conjunction with the CSR Committee, refine the whistleblowing process further.

John Ramsay
Audit Committee Chairman

Corporate governance report

RISK MANAGEMENT AND INTERNAL CONTROL

The directors acknowledge their responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness each year. The main features of these control systems include clearly-defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as external reporting. While the Audit Committee has primary responsibility on the board's behalf, a separate committee of the board, the Risk Committee, was set up in 2013 as part of the Group's heightened focus on improving systems of internal control and risk management.

The board, through the Risk Committee, has carried out a robust assessment of the principal risks facing the company and of how those risks might affect the prospects of the company. The principal risks and their possible impact on the company and the mitigations taken are set out on pages 62 to 65. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The enterprise risk management governance model, described on page 61, sets out some of the key features of the Group's risk-management process which was in place throughout the year under review.

During the year, the Risk Committee reviewed the Group's risk appetite, which was considered and approved by the board. Further information on the work of the Risk Committee in relation to the risk management framework, including the Group's risk appetite, can be found in the report of the Risk Committee on page 84.

Whilst further improvement has been made in the effective performance of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used there is still opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be a focus during 2018.

The Audit Committee has confirmed that, although it is satisfied that the Group's risk management and internal control processes are appropriate and effective, the need for continued focus on enhancing the internal control environment remains. Further information on the work of the Audit Committee in this respect can be found in the Audit Committee report on page 85. The board has reviewed the Group's risk management and internal control systems for the year to 31 December 2017 by considering reports from the Audit Committee and the Risk Committee and has also taken account of events since 31 December 2017.

FAIR BALANCED AND UNDERSTANDABLE

The preparation of the Integrated Report and Accounts is co-ordinated by the finance, investor relations and company secretariat teams with group-wide support and input from other areas of the business

Comprehensive reviews were undertaken at regular intervals throughout the process by senior management and other contributing personnel within the Group

The process was reviewed by the Audit Committee and the board has reviewed a paper setting out the governance relating to the preparation of the report prepared by management.

The board has separately considered the disclosures in the Integrated Report and Accounts and has concluded that they are fair, balanced and understandable

The statement required to be given by the directors by Code provision C.1.1 can be found on page 119

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the directors have assessed the viability of the Group over a three year period aligned with that of the Group's rolling planning cycle, taking into account the Group's current position and the potential impact of the principal risks documented on pages 62 to 65. Extension of viability testing beyond three years is seen by the Group as being of limited value because of the following factors

- The majority of the Group's contracts are less than three years in duration,
- The correlation of demand for security services with the global economy, and
- The impact of the Group's on-going productivity programme

The Group's prospects are assessed primarily through its bottom-up strategic planning process. The overall strategy for the Group was refreshed comprehensively in November 2013 and the board has monitored progress closely against this strategy as well as the risks to its success. The 2017 process commenced in June with each country and business unit updating its rolling three-year strategic plan and considering the risks to achievement of that plan. These plans were reviewed and refined by regional management and then by the Group Executive Committee before being reviewed by the board in October 2017. The key assumptions in the financial forecasts, reflecting the overall strategy, include

- A continued demand for security services, as set out on page 8 of the strategic report,
- An ability to continue to drive through our productivity programmes and to flex the cost base, as set out on pages 28 to 29, and
- Continuing to deliver good operating cash flow performance as set out on pages 30 and 31

The output of this plan is used as the baseline for stress-testing covenant and headroom analysis. This analysis includes sensitivity analysis to changes in trading conditions affecting profit growth and the capital needs of the business, as well as the principal residual risks

The vast majority of the Group's risks exist at an individual country level and are individually immaterial. The principal residual risks described on pages 62 to 65 are an aggregate view of individual risks captured in country, region and Group functional risk registers. These wide-ranging risks are highly unlikely to crystallise simultaneously and it is therefore unlikely that such risks would have a material impact on the Group's financial position. Nevertheless, the Group has sensitised its three-year financial projections for the following risks

a) Potential loss of certain of the Group's top customers,

b) Potential adverse changes in foreign ownership legislation resulting in cessation of material business lines,

c) Potential claims from major contracts resulting in material settlement payments, and

d) Litigation or Class Action claims resulting in material legal costs and settlement payments

The directors consider that this stress-test assessment of the Group's prospects is reasonable in the circumstances. The directors have also considered the debt maturities in 2019 and 2020 as indicated on page 31 under the stress test scenarios and concluded that the Group would be able to meet its maturities as they fall due with the existing facilities currently in place, without the need to access the financial markets

Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three financial years to 31 December 2020

Directors' remuneration report

THE REMUNERATION COMMITTEE

IMAGE REMOVED

"We believe our remuneration framework is aligned with the Group's strategic objectives and promotes the interests of our shareholders and the long-term success of the organisation, by rewarding the creation of sustainable value, with particular focus on our customers, people and values."

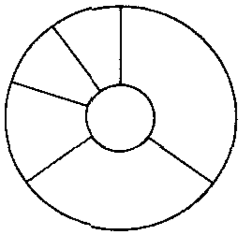
Committee membership during 2017

	Member since
John Daly (Chairman)	June 2015 (chair since May 2016)
Winnie Fok	October 2010
Clare Spottiswoode	June 2015
Barbara Thoralfsson	July 2016

There were three scheduled meetings and one additional meeting held during the year ended 31 December 2017. Members' attendance at committee meetings is shown on page 74.

The committee consists entirely of independent non-executive directors and the committee membership during 2017 is set out in the table above. Biographies of the members of the committee are set out on pages 68 and 69. As announced previously, at the 2018 AGM, Clare Spottiswoode will retire from the board. I would like to thank Clare for her valuable support and her contributions to the work of the committee.

Main activities of the Remuneration Committee during the year (%)



Performance and incentives	35%
Governance	30%
Reporting	15%
Executives base pay Chairman fee	10%
Below board level	10%

Responsibilities

The Remuneration Committee is responsible for overseeing all elements of the remuneration of the executive directors, other members of the Group Executive Committee and the chairman of the board.

It also agrees with the board the framework and policy for the remuneration of other senior managers of the Group and reviews and recommends to the board the remuneration of the company secretary.

In determining remuneration policy, the committee takes into account a variety of legal and regulatory requirements and the relevant provisions of the UK Corporate Governance Code.

The committee also determines policy on the duration, notice period and termination payments under the contracts with the executive directors with a view to recognising service to the company whilst ensuring that failure is not rewarded and that the duty to mitigate loss is recognised.

The committee approves the design and determines the measures and formulae for performance-related pay schemes operated by the company. It approves the eligibility of executive directors and other Group Executive Committee members for annual bonuses and benefits under long-term incentive plans and assesses performance against the objectives of those plans. No directors are involved in determining their own remuneration.

The committee's terms of reference are available on the Company's website at g4s.com/investors.

Our remuneration approach

We seek to attract and retain the best people whilst ensuring that the remuneration policy and practice drive behaviours that are in the long-term interests of the company and its shareholders.

Fixed pay

- base pay
- retirement benefits
- other benefits

Short-term incentives

- annual bonus plan (one year) with deferred element (three years)

Long-term incentives

- long term incentive plan (three years)

Business context and performance

In 2017, management delivered another year of profitable growth and good cash generation, enabling continued investment in growth, technology and productivity programmes, while continuing to strengthen the balance sheet. Our leadership team continues to demonstrate commitment to the long-term success of the business and I am pleased to report that they produced core business revenue growth of 3.2%, Adjusted PBITA increase of 4.2%, Adjusted EPS growth of 5.9% and a reduction in net debt to Adjusted EBITDA of 2.4x from 2.8x at the end of 2016. Further details are set out in the chief executive officer's introduction to the Strategic Review on pages 4 to 7.

2017 Remuneration outcomes

Pay review – As reported last year, the CEO's salary was increased by 1.5% effective from 1 January 2017 and that of the CFO, who was appointed in October 2016, remained the same. The increase awarded to the executive directors was in line with the increase applicable to Group employees and most managers based in the UK.

Annual Bonus – The Group's financial performance, together with individual performance against strategic objectives, supports a high level of annual bonus pay-out for the executive directors. Recognising the impact of trading conditions in the Middle East & India during 2017, the executive directors recommended a reduction equivalent to 10% of base pay be applied to their bonus payments. The Remuneration Committee commended this initiative and approved the proposal, which resulted in payments, after adjustment, of 79.5% of maximum opportunity for the CEO and 69.5% of maximum opportunity for the CFO.

Long term incentive plan – In line with our commitment to ensure that our remuneration framework aligns with our strategy and promotes the long-term success of G4S, a significant part of performance-related reward is delivered through shares. Given the growth in earnings and strong operating cash-flow over the three years from 2015 to 2017, awards that were granted in 2015 vested at a level of 62%.

Further information on the levels of executive remuneration earned in 2017, including performance against the relevant targets, is given on pages 96 to 98.

Key areas of focus in 2017

Remuneration Policy and approach

During 2016, the committee carried out a thorough review of our remuneration policy and found that the policy approved by shareholders in 2014 continued to operate effectively. Therefore, no substantive changes were made to the Directors' Remuneration Policy submitted for shareholders' approval at our AGM last May. The policy received a high level of support with 97.26% of favourable votes, for which I am grateful.

During 2017, the committee undertook a further review of our current remuneration practices taking account of the overall approach and structure of employee reward across the Group, developments in remuneration for executives in the global market as well as views of the investor community. The committee together with its advisors is developing a package of measures in relation to which consultation with major shareholders will take place during the latter part of 2018, with a view to finalising an up-to-date policy for submission to shareholders' approval at our AGM in 2019. Key areas where changes are being considered include the introduction of a two-year holding period post vesting of shares for awards to the Group executive committee under our long-term incentive plan and an increase in the shareholding requirements. The level of company pension contributions for future executive appointments is also under review.

Our stakeholders

The committee considers shareholders' views via consultation and wider stakeholders' views through reviews of regular reports from the committee's advisor on market and governance developments. During the year, the committee also reviewed the analysis and results of the UK gender pay gap reporting requirements. It is also aware of institutional investors' views including the Investment Associations' Principles of Remuneration published in November 2017 and intends to consider the implications of the revised UK Corporate Governance Code once it is finalised and published later in the year.

Governance

With a view to refocusing the work of the committee and updating some of the committee's duties such as its reporting obligations, the committee reviewed and approved for recommendation to the board, a number of amendments to its terms of reference. The committee's revised terms of reference are available on the company's website at g4s.com/investors.

UK Code Compliance

The company had in place malus and clawback before their introduction became a feature of the revised UK Corporate Governance Code. These are explained on page 111.

The committee is also conscious of the Code's requirement that executive directors' remuneration should be designed to promote the long-term success of the company – and that performance-related elements of remuneration should be transparent, stretching and applied rigorously.

Implementation of remuneration in 2018

Pay review

For 2018, the CEO and CFO's base pay has been increased by 2%. This pay review took account of market salary trends as well as salary increases elsewhere in the Group.

The increase awarded to the executive directors was in line with the increase applicable to Group employees and most managers based in the UK.

Incentives

The bonus opportunity and LTIP award levels remain unchanged in 2018, both of which are subject to caps as set out in the Remuneration Policy on pages 107 to 115.

In relation to bonus, the committee seeks to set targets that support the overarching strategy, reflecting the business context for the relevant period. Targets are also intended to be stretching whilst remaining achievable and are compatible with the Group's risk appetite. The committee is confident that the targets set meet these criteria.

The long-term incentive plan introduced in 2014 received overwhelming support from shareholders and will continue to operate in 2018.

The committee's performance

Consistent with our practice every year a formal review of the committee's performance was carried out at the end of 2017.

Details of the process for board and committee performance evaluations are set out on page 61.

The review concluded that the committee continues to be effective and to perform well. It also highlighted the committee's awareness of its key role, as the Group's new organisational structures bed in and delivery of the strategic objectives gains momentum, in continuing to focus on ensuring that the Group's remuneration practices enable the Group to attract, retain and reward the high calibre individuals and talent it needs to deliver long-term sustainable success.

Voting on remuneration

The annual report on remuneration will be put to an advisory vote at this year's AGM, and we look forward to receiving shareholders' support once again this year.

I will be available to answer questions and listen to the views of our shareholders at the forthcoming AGM.

John Daly
Remuneration Committee Chairman

8 March 2018

Remuneration policy

The company's remuneration policy for directors is set out on pages 107 to 115 of this report and on the company's website at g4s.com. It was approved by shareholders at the company's annual general meeting held on 25 May 2017 with 97.26% of all votes cast in favour. The long term incentive plan referred to in the policy was approved at the 2014 annual general meeting with 96.88% of all votes cast in favour. The remuneration policy came into effect on 26 May 2017 and will continue to apply for up to three financial years unless a new or revised policy is approved by shareholders in the meantime.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

Executive directors

£	Base pay		Benefits		Annual Bonus		LTIP		Pension related benefits		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Ashley Almanza	**939,755**	925,867	**110,112**	109,985	**1,120,168**	1,347,136	**1,441,515**	2,175,179	**234,939**	231,467	**3,846,489**	4,789,634
Tim Weller	**643,750**	172,179	**29,702**	6,019	**670,774**	166,945	**182,787**	n/a	**128,750**	24,429	**1,655,763**	369,572

Notes

1 The 2016 base pay figure for Mr Weller includes £122,145 received between the date of his appointment as an executive director on 24 October 2016 until the end of the year as well as fees in an amount of £50,034 for his role as a non executive director of the company.

2 Benefits include car allowance, business-related travel, healthcare, disability and life assurance. Benefit values include the cost of certain travel, overnight accommodation, meals and memberships which HMRC treats as a taxable benefit and on which the company has paid, or will in due course pay, as it does not consider such expenses to be benefits in the ordinary tax sense. The grossed-up amounts for 2017 are £71,706 (2016: £61,544) for Ashley Almanza. Benefit values also include local travel costs of £10,420 (2016: £7,384) for Ashley Almanza who bears the tax himself, and certain other business costs which HMRC deems to be benefits.

3 Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares, which vest after a period of three years unless the individual ceases employment prior to the third anniversary and qualifies as a good leaver, in which case release of such deferred shares occurs shortly after termination of employment. 2017 bonus figures are adjusted figures, following the exercise of the committee's discretion to reduce bonus pay-outs as recommended by the executive directors. Further information regarding 2017 bonus performance and resulting pay-outs is set out on page 97 and 98.

4 In addition, for 2017 Ashley Almanza received a fee of $88,500 from Noble Corporation from his non-executive directorship referred to on page 112 and retained such remuneration (2016: $95,000 and $316,674 of fee and shares respectively). For 2016, Mr Almanza also received £37,618 from Schroders plc before stepping down from its board in April 2016. Mr Weller received and retained £17,000 from the Carbon Trust for his non executive directorship during the year under review (2016: £3,214).

5 Values in the LTIP column relate to the 2015 LTIP due to vest on 20 March 2018. Since the share price on the date of vesting is unknown at the date of this report, the figures provided are estimates calculated using the average market value over the last quarter of the year under review, ie 266.59p per share. Further information regarding performance and vesting of the 2015 LTIP is set out on page 99.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2017 financial year for each non-executive director, together with the comparative figures for 2016. Aggregate non-executive directors' emoluments are shown in the last column of the table.

£	Base fee		SID		Chair of Committee		Benefits		Total	Total
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
John Connolly	**375,000**	370,000	**n/a**	n/a	**n/a**	n/a	**4,770**	99,279	**379,770**	469,279
John Daly	**61,750**	61,750	**n/a**	n/a	**18,500**	11,005	**3,259**	3,025	**83,509**	75,780
Winnie Fok	**61,750**	61,750	**n/a**	n/a	**n/a**	n/a	**15,243**	8,698	**76,993**	70,448
Steve Mogford	**61,750**	36,733	**15,000**	8,923	**n/a**	n/a	**1,531**	285	**78,281**	45,941
Paul Spence	**61,750**	61,750	**n/a**	n/a	**37,500**	18,500	**16,452**	8,721	**115,702**	88,971
Ian Springett	**28,816**	n/a	**n/a**	n/a	**4,750**	n/a	**0**	n/a	**33,566**	n/a
Clare Spottiswoode	**61,750**	61,750	**n/a**	n/a	**18,500**	18,500	**2,315**	1,399	**82,565**	81,649
Barbara Thoralfsson	**61,750**	30,875	**n/a**	n/a	**n/a**	n/a	**24,101**	1,158	**85,851**	32,033

Notes: The above fees were pro rated where the appointments or retirements were part way through the year.

1 Benefit values include the cost of overnight accommodation, travel and meals, which HMRC treats as taxable benefits and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary tax sense.

2 For 2016, benefit values for Mr Connolly include the grossed-up costs for security measures, as well as the installation of a security system at his home, of £97,506.

3 John Daly took over as chair of the Remuneration Committee on 27 May 2016.

4 2017 benefits figures for Winnie Fok include professional fees in relation to tax and social security compliance.

5 Steve Mogford was appointed as a non executive director on 27 May 2016 and is the Senior Independent Director.

6 In addition to his role as chair of the Risk Committee, during 2017 Mr Spence also chaired the Audit Committee.

7 Fees for Ian Springett cover the period of his appointment to the board, between 1 January and 20 June 2017. In addition, for his role as chair of the Audit Committee, fees were paid during the first quarter of the year.

8 For Barbara Thoralfsson, 2016 figures cover the period from the date of her appointment to the board on 1 July 2016. 2017 figures include professional fees in relation to tax and social security compliance.

2017 Annual bonus

During the financial year ended 31 December 2017, the performance measures relating to the annual bonus scheme rules were consistent with the Remuneration Policy, with 85% of the bonus for Ashley Almanza and 70% for Mr Weller being based on achievement of challenging financial performance measures. The financial performance measures were based on budgeted Group earnings (excluding specific and other separately disclosed items) and budgeted Group operating cash flow before capital expenditure. For threshold performance 35% of maximum entitlement would pay out with on-target performance resulting in a payment of 60% of maximum entitlement, with 100% only being earned in the event of achievement of a stretch performance significantly in excess of budget. The element of bonus determined for each financial performance measure is calculated by interpolating actual achievement against the range between the minimum i.e. entry threshold and the maximum target to achieve maximum performance.

The remaining 15% of the bonus for Mr Almanza and 30% for Mr Weller was linked to objectives relating to non-financial performance. These consisted of personal objectives or related to the organisation and were linked to specific elements of the Group's strategy for which the particular director had responsibility. Each executive director has a number of strategic performance measures linked to areas that the committee has agreed for the year. The committee reviews the progress in each area and then makes an assessment as to whether the executive has performed in accordance with expectations.

The maximum bonus potential remained unchanged from 2016 at 150% of base pay for both Messrs Almanza and Weller. Bonuses are paid in cash up to 50% of maximum entitlement. Where the bonus amount is in excess of 50% of the maximum bonus potential, the amount which exceeds 50% is delivered in the form of a deferred share award which vests after a period of three years.

The tables below show how pay was linked to performance in 2017 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes.

2017 annual bonus – Performance conditions and outcomes

Ashley Almanza

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	50%	£251.[illegible]m	£258.9m	£266.7m	£267.9m	50%
Group OCF	35%	£486.9m	£501.9m	£517.0m	£506.8m	25.5%
Total	85%	n/a	n/a	n/a	n/a	75.5%

Personal objectives

Mr Almanza was able to earn up to 15% of the maximum bonus potential for achieving personal objectives. These were designed to align with the strategic priorities for 2017 (see pages 32 and 33) and were set out in the 2016 Directors' Remuneration report.

Mr Almanza's 2017 personal objectives consisted of improving health and safety performance, updating the growth and innovation strategy, continuing to strengthen the global leadership team and achieving substantial completion of the strategic portfolio programme.

Personal Objective	Achievement	Performance Rating
Health and safety	Clear and visible focus and leadership on safety has resulted in significant performance improvement in 2017 with 25 work related fatalities, a reduction from 47 in 2016. This demonstrates the results of a culture change programme incorporating leadership behaviour, capability building and performance management.	As a result of the significant improvements and progress in these areas the assessment against non financial objectives for the Group CEO was agreed as 11 out of 15 points.
Global leadership team	With effect from 1 January 2018, the group wide management of our core business has been reorganised. This resulted in new appointments for five of the Group Executive Committee including a new external hire. The new organisation will enable the further strengthening of strategic, commercial and operational focus in each of the core service lines.	
Growth and Innovation	The Group made clear progress growing new technology services in both Cash Solutions and Secure Solutions.	
Portfolio programme	The Group has substantially completed the strategic portfolio programme established a few years ago. This has improved profitability and raised over £500 million in gross proceeds.	

Tim Weller

Financial measures	Weighting (% of maximum bonus)	Threshold to earn bonus	Target	To achieve full vesting	Achievement	Score achieved (% of total for each measure)
Group Earnings	35%	£251.1m	£258.9m	£266.7m	£267.9m	35%
Group OCF	35%	£486.9m	£501.9m	£517.0m	£506.8m	25.5%
Total	70%	n/a	n/a	n/a	n/a	60.5%

Personal objectives

Mr Weller was able to earn up to 30% of the maximum bonus potential for achieving personal objectives. The personal objectives for the CFO role were set at the beginning of the year to align with the strategic priorities for 2017. These were set out in the 2016 Directors Remuneration report and focused on three key areas, namely organisational efficiency and finance functions, delivery of integrated IT systems and procurement efficiency.

Personal Objective	Achievement	Performance Rating
Organisation efficiency	There has been continued focus on efficiency across the Group, with particular focus on the finance function and steps taken to embed streamlined reporting and management information as well as de-layering have resulted in significant efficiency improvements.	As a result of the improvements and progress in these areas the assessment against non financial objectives for the Group CFO was agreed as 16 out of 30 points.
Integrated IT systems	The pilot of the Javelin IT-enabled operating model was launched in Ireland in 2017 and the enhanced version of Javelin encompassing all of the lessons learned will be deployed into Ireland before roll out to the UK commences later this year.	
Procurement efficiency	Procurement programmes continued to operate across the Group with a category focused approach across all regions. Key areas of improvement included continued supplier base rationalisation, demand management and implementation of new procurement tools providing more efficient and controlled procurement.	

The table below sets out the annual bonus awards which were made to executive directors in respect of the financial year ended 31 December 2017, based on the performance described on the previous pages. As mentioned earlier in the report, the executive directors suggested their bonus pay-outs be reduced by an amount equivalent to 10% of their base pay. The Remuneration Committee, which commended their initiative, was fully supportive and used its discretion to reduce the awards accordingly. The annual bonus awards set out below are shown after adjustment.

	2017 annual bonus	2017 annual bonus (% of salary)	2017 annual bonus deferred (% of salary)
Ashley Almanza	£1,120,168	119%	44.2%
Tim Weller	£670,774	104%	29.2%

	Cash	Deferred shares
Ashley Almanza	£704,816	£415,352
Tim Weller	£482,813	£187,961

Long term incentive plan (LTIP)

The 2017 and 2016 values shown in the fourth column of the single-figure table relate to the LTIP awards made in March 2015 and July 2014 respectively. The performance measures and targets of these awards are set out below.

Performance measures and targets for the LTIP awards

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	**Proportion of allocation vesting**	**Ranking against the bespoke comparator group by reference to TSR**	**Proportion of allocation vesting**	**Average operating cash flow**	**Proportion of allocation vesting**
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The table below illustrates the company's performance against the 2014 award targets and the resulting pay-out as shown in the 2016 values in the fourth column of the single figure table.

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 15.3% pa	100%
Relative TSR	Ranked between 43rd and 44th in peer group	0%
Average OCF	129%	100%
Total vesting		70% of maximum

The table below illustrates the company's performance against the 2015 award targets and the estimated pay-out as shown in the 2017 values in the fourth column of the single figure table.

Measure	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 10% pa	80%
Relative TSR	Ranked between 41st and 42nd in peer group	0%
Average OCF	125%	100%
Total vesting		62% of maximum

Vesting under the 2015 LTIP was 62% of maximum of the award. Maximum performance was achieved for the average OCF component and 80% of the portion allocated to average annual EPS growth vested. Dividend payments to shareholders were maintained throughout the performance period, however relative TSR performance was affected by share price fluctuations so did not result in any pay-out for this measure.

Total pension entitlements (audited information)

None of the executive directors have any prospective entitlement to a Group defined benefit pension nor is either a member of the Group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead the CEO and CFO receive cash allowances of 25% and 20% of their base pay respectively.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Awards under the LTIP approved by the shareholders at the company's AGM in June 2014 were made in March 2017 consistent with the company's normal grant policy. In June 2017, in accordance with the terms of his contract of employment, Mr Weller was granted a conditional award over 100,000 ordinary shares of 25 pence each in the company following the forfeiture of his 2016 bonus from his previous employer. The deemed date of grant for this award is March 2016 and the vesting of such award will be subject to the achievement of performance conditions measured over a three-year period beginning in the deemed year of grant, i.e. 2016.

Details of the awards made to the executive directors are summarised in the table below and further details are given in the table on directors' shareholdings and interests on page 101.

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS TSR and AOCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	795,862	2,349,385	40% EPS/30% TSR 30% AOCF	01/01/2017 – 31/12/2019	25%
Tim Weller	Conditional shares	436,144	1,287,497	40% EPS/30% TSR 30% AOCF	01/01/2017 – 31/12/2019	25%
Tim Weller	Conditional shares	100,000	183,830	40% EPS/30% TSR 30% AOCF	01/01/2016 – 31/12/2018	25%

Notes

1 The face-value calculation for all awards deemed granted in March 2017 was based on a share price of £2.952 which represents the average closing share price during the three business days following the announcement of the company's 2016 financial results.

2 Awards of conditional shares under the 2017 LTIP were granted in accordance with the Directors' Remuneration Policy. As a result, conditional share awards representing 250% of base pay and 200% of base pay were granted to Messrs Almanza and Weller respectively.

3 The face-value calculation for the 100,000 share award for Mr Weller deemed granted in March 2016 was based on a share price of £1.8383 which represents the average closing share price during the three business days following the announcement of the company's 2015 financial results.

4 Further details of performance conditions are set out in the table below.

Performance measures for long-term incentives awarded in 2017

The bespoke comparator group consists of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector, and include competitor companies which are outside that index.

The company's current policy is to use market-purchased shares to satisfy LTIP awards. Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The company calculates whether the EPS performance target has been achieved by reference to the Group's audited accounts which provide an accessible and objective measure of the Group's earnings per share. The average OCF performance target is calculated by reference to the relevant definition set out in the LTIP rules approved by shareholders. The committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising. TSR ranking will be verified externally.

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

Statement of directors' shareholdings and share interest (audited information)

The executive directors are required to build up a minimum shareholding in G4S, as explained in the remuneration policy. Shares in the table below are valued at the year-end price, which was 267.5p per share at 31 December 2017.

	2017	2016	Share ownership requirements (% of salary)	Shareholding requirements achieved at 31/12/17	Number of Deferred shares held as at 31/12/17	Total shares under LTIP awards subject to performance at 31/12/17
Ashley Almanza	**907,678**	466,777	200%	258%	588,035	2,843,603
Tim Weller	**53,663**	37,570	150%	22%	n/a	1,430,880

Notes

1 Includes any shares owned by persons closely associated with the directors.

2 Deferred share awards and LTIP awards do not include the further shares with a value equivalent to the dividends which are paid in respect of shares received. The number of shares is gross and will be subject to tax when they are released.

3 In relation to Mr Almanza, the *total shares under LTIP awards subject to performance* column consists of an award of 788,627 conditional shares under the LTIP 2015 as well as an award of 1,259,114 conditional shares under the LTIP 2016 and an award of 795,862 conditional shares granted under the LTIP 2017.

4 In relation to Mr Weller, the *total shares under LTIP awards subject to performance* column includes awards made in accordance with Mr Weller's remuneration arrangement upon becoming CFO on 24 October 2016. Further details of such arrangements are set out on page 90 of the Integrated Reports and Accounts 2016 and resulted in awards of shares granted in 2016, as follows: an award of 350,000 conditional shares granted on 8 November 2016, 100,000 of which were deemed granted in March 2015 and 250,000 of which were deemed granted in March 2016 following his relinquishing 2014 and 2015 performance share plan awards from his previous employer and an award of 544,736 conditional shares granted on 22 November 2016 under the company's LTIP on a pro rata basis, with a vesting period of 36 months and a deemed date of grant of March 2016 relative to his start date as CFO on 24 October 2016. In addition, in March 2017, Mr Weller received an award of 436,144 conditional shares under the LTIP 2017 and an award of 100,000 shares on equivalent terms to the G4S 2016 LTIP was granted on 9 June 2017 as compensation for the forfeiture of Mr Weller's annual bonus from his previous employer.

5 In addition to the above, each of the directors has a deemed interest in the total number of shares held by the company's employee benefit trust. As at 31 December 2017, the trustees of the employee benefit trust held 4,362,068 shares (2016: 4,844,243 shares).

6 On 14 March 2018, Mr Almanza will receive, with respect to the 2017 annual bonus scheme, shares to the value of £415,352 for deferral to March 2021. Mr Weller will receive, with respect to the 2017 annual bonus scheme, shares to the value of £181,961 for deferral to March 2021. On 16 March 2018, Mr Almanza will receive 246,022 shares (before selling sufficient shares to pay the withholding taxes) relating to the deferred shares granted under the 2014 annual bonus scheme in March 2015. On 20 March 2018 Mr Almanza will receive an estimated 540,725 shares (before selling sufficient shares to pay the withholding taxes) relating to the 2015 LTIP granted in March 2015. Mr Weller will receive an estimated 68,565 shares (before selling sufficient shares to pay the withholding taxes) relating to the award of 100,000 conditional shares under the 2015 LTIP granted to him as compensation for the forfeiture of his 2014 Petrofac Performance Share Plan.

The shareholdings for non-executive directors are shown below.

	As at 31.12.2017	As at 31.12.2016
John Connolly	**336,642**	309,642
John Daly	**30,000**	30,000
Winnie Fok	**30,000**	20,000
Steve Mogford	**10,000**	0
Paul Spence	**20,000**	20,000
Clare Spottiswoode	**4,681**	4,681
Ian Springett	**n/a**	n/a
Barbara Thoralfson	**–**	

There are no requirements for the non-executive directors to hold shares nor for any former directors to hold shares once they have left the company.

Mr Ramsay who joined the board on 1 January 2018 holds 38,000 shares in G4S.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

Grahame Gibson

Grahame Gibson, who stepped down as a director of the company on 4 June 2015, ceased to be an employee on 20 October 2015. Details of payments for loss of office in prior years are set out on page 87 of the company's integrated report and accounts 2015 available at g4s.com.

Awards made to Mr Gibson under the company's long term incentive plans were pro-rated to 20 October 2015. As disclosed in last year's report, the award made in 2014 vested on 20 March 2017, when Mr Gibson received 187,092 shares. The last remaining award under the 2015 LTIP was also subject to performance which was tested at the normal vesting dates. Such award is due to vest on 20 March 2018 and Mr Gibson will receive an estimated 56,729 shares (before selling sufficient shares to pay withholding taxes).

Himanshu Raja

Himanshu Raja stepped down from the board of the company and his role as chief financial officer on 1 October 2016. He ceased to be an employee on the same date. Details of payments for loss of office in 2016 are set out on page 95 of the company's Integrated Report and Accounts 2016 available at g4s.com.

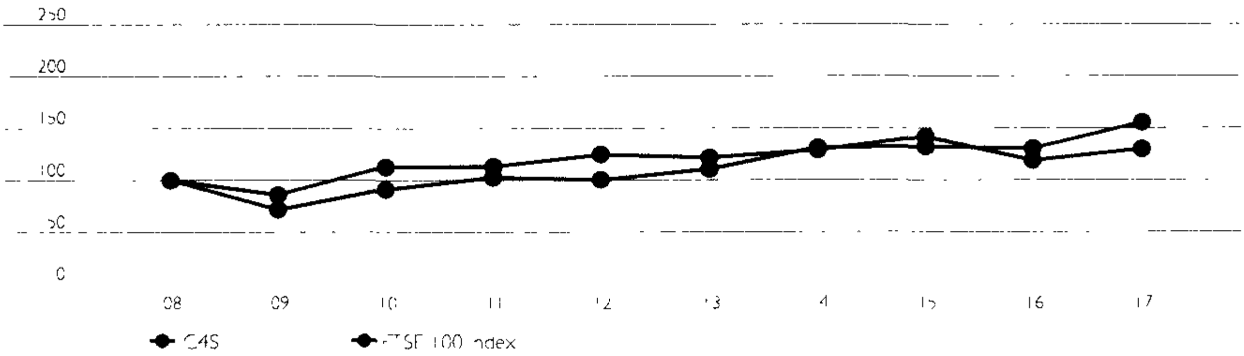
In April 2017, he received the sum of £349,322 as second instalment of the payment in lieu of his 12 month notice period that he was entitled to contractually.

Awards made to Mr Raja under the company's long term incentive plan were pro-rated to 1 October 2016. All such awards remain subject to performance, to be tested at the normal vesting dates. On 20 March 2017, Mr Raja received 344,499 shares following the vesting of the LTIP award made in 2014. On 20 March 2018, Mr Raja will receive an estimated 151,889 shares (before selling sufficient shares to pay withholding taxes) following the vesting of the LTIP award made in 2015. The last remaining award under the 2016 LTIP remains subject to performance, which will be tested at the normal vesting date in March 2019.

PERFORMANCE GRAPH AND TABLE

The line graph below shows the ten-year annual Total Shareholder Return (TSR) performance against the FTSE 100 index. The directors believe this to be an appropriate form of broad equity market index against which to base a comparison, given the size and geographic coverage of the Group and the fact that the company is itself a member of the FTSE 100.

2008 – 2017 Total Shareholder Return



CEO's pay in last ten financial years

Year	2008	2009	2010	2011	2012	2013	2013	2014	2015	2016	2017
Incumbent	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza	Ashley Almanza
CEO's total single figure of annual remuneration (£'000)	2,376	3,248	2,823	1,542	1,186	514	1,459	2,521	2,738	4,790	3,846
Bonus % of maximum awarded	83%	74%	53%	0%	0%	0%	72%	98%	70%	97%	79.5%
PSP % of maximum vesting	100%	100%	58%	14%	0%	0%	n/a	n/a	27%	70%	62%

Notes

1 Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.

2 After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included.

3 The value of shares that vested in the relevant year under the PSP (or a notional value in the case of shares vested but unexercised) has been included in the prior year's CEO's total figures, since that is the most relevant year for measurement of performance.

4 The figures before 2013 did not include taxable expenses.

5 *Bonus % of maximum awarded* figure for 2017 is the adjusted figure after a reduction equivalent to 10% of base pay was applied, as recommended by the executive directors and approved by the Remuneration Committee.

PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2016 and 2017 compared with the percentage change in the average of each of those components of pay for UK-based G4S employees. The Remuneration Committee has chosen all employees in the UK who were in employment during the two-year period – 2016 and 2017 – as the group which should provide the most appropriate comparator, as the Group CEO is based in the UK.

	Percentage change in remuneration between 2016 and 2017		
	Salary	Benefits	Bonus
CEO	1.5%	0.1%	-16.8%
Average change for all other UK employees	3.1%	See note below	See note below

Notes

1 The core benefit composition and the underlying employee entitlements remain unchanged over the two-year period with changes linked to increases in premium rates and costs of procurement.

2 Information on bonuses is not readily available for all other UK employees.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit.

	2017	2016	Change
Dividends paid	**£145m**	£145m	
Total employee costs	**£5,363m**	£5,240m	+2.3%

There were no share buy backs effected in either year.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2018

Decisions were taken on the basis of the directors' remuneration policy approved at the company's 2017 AGM set out on pages 107 to 115.

Executive directors' remuneration

Base pay

For 2018, at the annual pay review, it was decided to increase Messrs Almanza and Weller's base pay by 2% from £939,755 to £958,550 and £643,750 to £656,625 respectively. These changes took effect from 1 January 2018.

Annual Bonus Scheme

The annual bonus for the 2018 financial year will operate on the same basis as that for 2017 and will be consistent with the existing remuneration policy. The maximum bonus opportunity remains at 150% of base pay for both Ashley Almanza and Tim Weller. The financial measures of group earnings and operating cash flow remain and revenue will also be included in the financial measures for 2018. These have been selected as they support the company's key strategic objectives. As for last year, the financial measures are allocated weightings of 85% for Ashley Almanza. They have increased to 80% for Tim Weller. The non-financial measures will therefore account for up to 15% and 20% of the maximum bonus opportunity for Messrs Almanza and Weller respectively.

These non-financial measures are based on the Group's strategy and core values and include the following key areas:

Ashley Almanza

Mr Almanza's personal objectives for 2018 cover three key areas, namely strategy, productivity and organisation and are as follows:

- Strategy – Continue to develop the Group's use of technology in its products and services
- Productivity – Develop and initiate the next phase of the Group productivity programme
- Organisation – Embed new organisation to ensure new teams operate effectively

Tim Weller

For 2018, Mr Weller's personal objectives cover productivity and IT:

- Productivity – Contribute to Group programme with efficiency improvements in key support functions
- IT – Deliver lean process IT project

Details of the performance measures and targets are deemed to be commercially sensitive since they relate to the 2018 financial year. To the extent that they are no longer commercially sensitive, targets and performance levels against them will be disclosed in the company's 2018 integrated report and accounts.

The proposed target levels for 2018 have been set to be challenging and align with the Group's strategic priorities and business plan. In reviewing the targets, the committee took into account a number of factors including, for example, the fact that in relation to group earnings, the minimum target that needs to be met in order for any bonus to be payable must be at least equal to the earnings in 2017.

The committee considered the proposed targets relating to non-financial measures and concluded that these were also demanding.

Long Term Incentive Plan

The level of awards due to be granted in the 2018 financial year under the LTIP approved by shareholders at the 2014 AGM will be consistent with the existing remuneration policy.

As for 2017, the committee considers that a combination of earnings per share growth, total shareholder return and average cash flow targets are the most appropriate performance measures for the 2018 awards, as they provide a robust method of assessing the company's performance, both in terms of underlying financial performance and returns to shareholders.

Awards granted under the LTIP during the 2018 financial year are subject to the performance conditions listed in the table on page 105.

Performance measures for long-term incentives awarded in 2018

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	<105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
>5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than =12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The company's current policy is to use market-purchased shares to satisfy LTIP awards.

Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The company calculates whether the EPS performance targets have been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share.

Adjustments to EPS will be made in respect of:

- Constant exchange rates – in line with previous years, these will be normalised to the rates in the base year.
- Acquisitions – earnings will be added to the EPS base at the level used in the acquisition business case.
- Disposals – earnings will be removed from the EPS base at the business plan rate.
- Share buy-backs – the company will only execute buy-backs if the investment is economically accretive and it is in the interest of the company. The adjusted EPS for the purposes of calculating performance against the LTIP target shall be further adjusted by:

  (a) increasing the average number of shares in issue during the performance year by the number of shares bought back during the past three years.

  (b) decreasing the net interest cost in the performance year in respect of the interest charge on the cash cost of any share buy-backs during the past three years. Interest will be calculated at the Group's average costs of funds for the year.

The Remuneration Committee will apply discretion in the event of impairment. If the impairment is not a result of management failure, then it will not impact the pay-out.

The Remuneration Committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising.

Operating cash flow is a measure taken before capital expenditure and investments – to ensure that management is not incentivised to under-invest in growth opportunities – and before pension deficit repayment. Operating cash flow is expressed as EBITDA +/- working capital and provisions movement as a percentage of EBITDA. Average operating cash flow is the average over three years.

TSR ranking will be verified externally.

Non-executive directors' remuneration

The fees payable to the non-executive directors other than the chairman are set by the executive directors who receive input from the chairman. The fees payable to the non-executive chairman are set by the Remuneration Committee. In both cases, fees are reviewed annually. Fees were last increased in July 2016 for the chairman and July 2015 for non-executive directors.

In July 2017 it was decided to postpone the exercise to the end of the year, so that it would take place at the same time as the pay review for executive directors and employees in general. The review carried out at the end of 2017 received input from the Remuneration Committee's advisor, Deloitte.

As a result of the review, the Remuneration Committee considered and approved a proposed increase of the *chairman's fee, in line with the increase applicable to group employees based in the UK, of 2% from January 2018.*

The review also resulted in a proposed increase to the basic fee for non-executive directors of 2.8%, from £61,750 to £63,500. Such increase was within the range of market practice in the FTSE 100 and in line with increases for other employees over the same period. Consistent with market median for companies ranked 31 – 100 in the FTSE index and in recognition of the increased demands of the role, the fee for the chair of the Audit Committee increased from £19,000 to £20,000. There was no proposed increase to the fees for the role of Senior Independent Director or other committee chairs. All increases took effect from 1 January 2018.

The table below, sets out the fees for the non-executive chairman and other non-executive directors applicable for 2018 as well as the percentage increase, where relevant, applied following the annual fee review.

Annual fee	2018 in £	Increase on prior year in %
Chairman	**382,500**	2
Basic fee	**63,500**	2.83
SID	**15,000**	No change
Chair of Audit Committee	**20,000**	5.26
Other chairs	**18,500**	No change

ADVISORS TO THE REMUNERATION COMMITTEE

Deloitte was appointed by the Remuneration Committee as its advisor in 2014. Such appointment is reviewed every year and was confirmed in August 2017. The committee received advice from Deloitte on executive and senior management remuneration matters throughout the year under review. The committee has satisfied itself as to the independence of Deloitte. Deloitte is a member of the Remuneration Consultants Group and operates voluntarily under its code of conduct in the UK.

Advisor	Appointment	Services provided to Remuneration Committee	Fees for services to Rem Co	Other services provided to Company
Deloitte	2014	Advice on executive remuneration	£45,900	Advice on controls, tax advice on expatriate and share plans, and other consulting services. These services were provided by different parts of Deloitte

Fees for services to the Remuneration Committee are at an agreed rate based on time involved and paid as incurred.

The group chief executive, Ashley Almanza, provided guidance to the committee on remuneration packages for senior executives within the Group. Further guidance was received from the Group's HR director, Jenni Myles, and the director of compensation and benefits, Sok Wah Lee. Neither the group chief executive nor the group HR director participated in discussions regarding their own remuneration.

The committee is satisfied that the advice it received during the year was objective and independent based on the experience of its members generally.

Information about who are the members of the Remuneration Committee and their attendance at meetings of the committee during the year under review can be found on pages 74 and 93.

STATEMENT OF VOTING AT GENERAL MEETING

A resolution to approve the Directors' Remuneration Policy as set out in the company's annual report for the year ended 31 December 2016 was passed at the company's annual general meeting held on 25 May 2017. In addition, a resolution was passed to approve the Directors' Remuneration Report (other than the part containing the Directors' Remuneration Policy) for the year ended 31 December 2016.

The results of the votes on these resolutions are set out in the table below.

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2017 AGM	97.26%	2.74%	13[illegible],465
Directors' Remuneration Report – 2017 AGM	97.05%	2.95%	118,840

DIRECTORS' REMUNERATION POLICY

Remuneration policy for executive directors

BASE PAY

Purpose and link to strategy

Base pay is set at competitive levels in order to recruit and retain high calibre executives with the skills required in order to manage a company of the size and global footprint of G4S

The level of pay will reflect a number of factors including individual experience, expertise and role

Operation

Reviewed annually and fixed for 12 months commencing 1 January Interim salary reviews may be carried out following significant changes in role, scope or responsibility or at any other time at the committee's discretion

The final salary decision may also be influenced by role, experience, individual and company performance, internal relativities and increases for Group employees

Maximum opportunity

Actual base pay for each executive director is disclosed each year in the Directors remuneration report

In determining salary increases, the committee considers market salary levels including those of appropriate comparator companies

Ordinarily annual salary increases would be no more than the average annual increase across the Group However, in exceptional circumstances a higher level of increase may be awarded, for example

- following a significant change to the nature or scale of the business,
- following a significant change to the nature or scope of the role, or
- for a new appointment, where the base pay may initially be set below the market level and increased over time as experience develops and with reference to the individual's performance in the first few years in the role

Where exceptional increases are made we will fully disclose and explain the rationale for such increases

Performance measures and clawback

None although individual performance may have a bearing on salary increases

BENEFITS

Purpose and link to strategy

As with base salary, a suitable range of benefits is made available in order to recruit and retain high calibre executives

Operation

Executives are entitled to a number of benefits comprising paid holiday, healthcare for themselves and their family and life insurance of up to four times base salary, car allowance, business related transport, limited financial advice from time to time and expatriate benefits where relevant A relocation allowance reflecting reasonable costs actually incurred will be paid

Other benefits may be granted at the discretion of the Remuneration Committee

Reasonable business expenses in line with G4S' expenses policy (e g travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company

Maximum opportunity

Maximum benefits per director per annum

- holidays – 30 days
- car allowance – £20,000
- business related local transport – £40,000
- for financial advice, expatriate benefits and relocation expenses, the expense will reflect the cost of the provision of benefits from time to time but will be kept under review by the committee
- other benefits granted at the discretion of the committee up to 3% of base pay per annum per director
- reasonable business expenses are not subject to a maximum, since these are not a benefit to the director

Any allowance in relation to relocation will provide for the reimbursement of reasonable costs incurred

Performance measures and clawback

None

Directors' remuneration policy – *continued*

ANNUAL BONUS

Purpose and link to strategy

Rewards the achievement of annual financial and strategic business targets and delivery of personal objectives

Deferred element encourages long-term shareholding and discourages excessive risk taking

Operation

Awarded annually based on performance in the year. Targets are set annually and relate to the Group and/or the business managed by the executive

Bonus outcome is determined by the committee after the year end, based on annual performance against targets

Bonuses are paid in cash, but executives are required to defer any bonus payable in excess of 50% of their maximum bonus entitlement into shares. Deferral is for a minimum period of three years. Dividends or equivalents accrue during the deferral period on deferred shares

Bonuses are not pensionable

Maximum opportunity

Maximum opportunity of 150% of base pay per annum for the CEO and the CFO

125% of base pay per annum for any other executive director

Performance measures and clawback

Typically, executive directors' bonus measures are weighted so that:

- between 70% and 85% of the bonus is based on achievement of challenging financial performance measures (e.g. profit before tax and amortisation, organic growth, cash-flow measures, etc.), with each measure operating independently of the others, and the remainder is linked to personal and/or non-financial measures, which are strategic or operational in nature

Each year, the committee may use its discretion to vary the exact number of measures, as well as their relative weightings, and this will be disclosed in the annual remuneration report

As a result of the number of factors taken into account in determining bonus, there is no minimum pay-out level

For illustrative purposes, in the event that only threshold has been achieved pay-out would be 35% of maximum, rising to full pay-out should achievement of a stretch performance level be achieved for all measures assuming the non-financial performance measures were satisfied

The deferred element of the bonus is not subject to any further performance measures but is subject to clawback in certain circumstances. The non-deferred part of the bonus, which is settled in cash, is also subject to clawback (see separate section on page 111)

LONG TERM INCENTIVE PLAN

Purpose and link to strategy

Incentivises executives to achieve the company's long-term financial goals, as well as focus on value creation, whilst aligning the interests of executives with those of shareholders

Operation

Executive directors are granted awards on an annual basis, which vest over a period of at least three years subject to continued service and the achievement of a number of key performance measures

The Remuneration Committee reviews the quantum of awards to be made to each executive each year to ensure that they remain appropriate

Dividends or equivalents accrue during the vesting period on awards that vest

The award is settled by the transfer of market-purchased shares to the executive directors

All the released shares (after tax) must be retained until the minimum shareholding requirement is met. Currently, the minimum shareholding requirement is 200% of base salary for the CEO and 150% for the other executive directors

Maximum opportunity

Maximum opportunity of 250% of base pay per annum for the CEO

Maximum opportunity of 200% of base pay per annum for other executive directors

Performance measures and clawback

Awards vest based on performance over a period of at least three financial years commencing with the financial year in which the award is made

Performance will be measured based on a combination of earnings per share growth, total shareholder return against a comparator group and average operating cash flow. For awards made in 2017, these were in the proportion of 40%, 30% and 30% respectively. However the committee retains the flexibility to amend these proportions, provided that no single measure will be a significantly greater proportion than the others

At threshold, 25% of the relevant portion vests. This increases on a straight-line basis up to 100% for performance in line with maximum targets are set out on page 99

Awards are subject to clawback in certain circumstances (see below on page 111)

RETIREMENT BENEFITS

Purpose and link to strategy

As with base salary and other benefits, making available a suitable retirement benefits package aids the recruitment and retention of high calibre executives, allowing such executives to provide for their retirement.

Operation

G4S operates a defined contribution Group-wide personal pension plan in the UK in which executives may participate. Alternatively, G4S may provide a cash allowance in lieu of a contribution into such plan.

The current executive directors receive cash allowances. The CEO receives 25% of base pay as a cash allowance, the CFO and other executive directors receive 20% of base pay.

The level of award is kept under review by the committee and is intended to be broadly market comparable for the roles.

Maximum opportunity

Maximum opportunity of up to 25% of base pay for the CEO and 20% for other executive directors.

Performance measures

None

Remuneration policy for non-executive directors

CHAIRMAN'S FEE

Purpose

To attract and retain a high calibre chairman by offering a market-competitive fee, which also reflects the responsibilities and time commitment. There are no performance-related elements.

Operation

The chairman's fee is disclosed each year in the Directors' remuneration report. The fees are reviewed annually by the committee. The annual fee is an all-inclusive consolidated amount. The committee retains the discretion to review the chairman's fee at any other time if appropriate. The chairman's fee is reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily any increase in the chairman's fee would be in line with other increases for similar roles in other companies.

Fees payable to the chairman and other non-executive directors in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

Purpose

To attract and retain high calibre non-executive directors (NEDs) by offering market-competitive fees which should reflect the responsibilities and time commitment. There are no performance-related elements.

Operation

NED fees, including any additional fee for any additional role listed below, are disclosed each year in the Directors' remuneration report.

With the exception of the chairman, the fees for NEDs are structured by composition build-up consisting of:

- a base fee
- an additional fee for chairing a committee
- an additional fee for the role of senior independent director

The NED fees are reviewed annually by the executive directors. The board retains the discretion to review the NED fees at other times, as appropriate, to reflect any changes in responsibilities or commitment.

The basic fee covers committee membership and each NED is expected to participate in one or more board committees. All the fees are reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily, any increase in the NEDs' fees would be in line with other increases for similar roles in other companies.

Fees payable to non-executive directors (including the chairman) in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

Directors' remuneration policy – *continued*

Remuneration policy for non-executive directors

BENEFITS

Purpose

Benefits may be provided from time to time in connection with the chairman and other NEDs performing their roles, such as business travel, subsistence and entertainment, accommodation and professional fees for tax and social security compliance and other ancillary benefits

Operation

Reasonable business expenses in line with G4S expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company

Maximum opportunity

Reasonable business expenses are not subject to a maximum, since these are not a benefit to the director

Benefits and expenses will reflect the actual cost of provision

Notes to the directors' remuneration policy

1. Performance measures

Annual Bonus Plan – The actual performance measures and targets are set by the Remuneration Committee at the beginning of each year. The performance measures used for our annual bonus plan have been selected to reflect the Group's key performance indicators

The committee aims to ensure that the measures appropriately encourage the executive directors to focus on the company's strategic priorities, whilst the targets are set to be stretching but achievable

The aim is to strike an appropriate balance between incentivising annual financial and strategic business targets, and each executive director's key role-specific objectives for the year

Long Term Incentive Plan – In choosing the performance measures for the Long Term Incentive Plan, the committee aims to find a balance of measures which reflect the company's long-term financial goals as well as incentivise executives to create sustainable long-term value for shareholders

Legacy plans – The committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed

(i) before 5 June 2014 (the date the company's first shareholder-approved directors' remuneration policy came into effect);

(ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed; or

(iii) at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company

For these purposes, payments may include the committee satisfying awards of variable remuneration. In cases where all or part of the variable remuneration award was in the form of shares, the payment terms are those agreed at the time the award was granted

Details of the vesting of the awards will be published in the annual remuneration report each year

The non-executive directors do not participate in any incentive schemes nor do they receive any benefits other than those referred to in the above table

2. Malus and claw-back mechanisms

Since 2010, any cash and/or shares awarded under the annual bonus plans and the previous Performance Share Plan may be subject to clawback.

The Long Term Incentive Plan and the annual bonus plan may be subject to malus or clawback from the executive director concerned if the Remuneration Committee so determines and, in the case of misstatement of accounts, where the Audit Committee concurs.

The time period in which the clawback can be operated depends on the reason for the overpayment as set out in the table below.

The amount to be clawed back directly from the executive director will be the overpaid amount, but the Remuneration Committee retains the discretion to claw back the "net" (i.e. post-tax) amount of the award received by the executive director.

Malus and claw-back	Annual Bonus Plan (including deferred elements)	Long term incentive plan (LTIP)	
	Since 2015 plan	PSP (previous)	Current LTIP
Material misstatement of group financial accounts	up to 2 years after the payment of the cash element	up to 2 years after vesting (except where due to fraud or reckless behaviour when it shall be 6 years after vesting)	up to 2 years after vesting
Misconduct	up to 6 years after the payment of the cash element		up to 6 years after vesting
Fraud	unlimited		unlimited

Principles and approach to recruitment and internal promotion of directors

When hiring a new executive director or promoting to the board from within the Group, the committee will offer a package that is sufficient to retain and motivate and, if relevant, attract the right talent whilst at all times aiming to pay no more than is necessary. Ordinarily, remuneration for a new executive director will be in line with the policy set out in the table summarised above. However, discretion may be required for exceptional circumstances such as dealing with remuneration relinquished in a previous job.

The maximum level of on-going variable pay that may be awarded to new executive directors on recruitment or on promotion to the board shall be limited to 400% of base salary as set out in the policy above (calculated at the date of grant, excluding any buy-out awards – see below). Remuneration and any buy-out arrangements will be announced as far as possible at the time a new executive director or chairman is appointed, or in the following Directors' remuneration report.

When determining the remuneration of a newly-appointed executive director, the Remuneration Committee will apply the following principles:

The on-going remuneration package to be designed in accordance with the policy above.

- New executive directors will participate in the annual bonus scheme and Long Term Incentive Plan on the same basis as existing executive directors.
- The Remuneration Committee has discretion to grant one-off cash or share-based awards to executive directors where it determines that such an award is necessary to secure the recruitment of that executive director and where it is in the best interests of the company to do so. Such awards would only be made as compensation for remuneration relinquished under a previous employment (i.e. buy-out arrangements) and would be intended to mirror forfeited awards as far as possible by reflecting the value, nature, time horizons and performance measures attached. In such circumstances, the company will disclose a full explanation of the detail and rationale for such one-off awards.
- In certain circumstances, it may be necessary to buy out long notice periods of previous employment.
- With regard to internal promotions, any commitments made before promotion and unconnected with the individual's promotion may continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.
- For external and internal appointments, the Remuneration Committee may agree that the company will meet certain relocation expenses (including legal fees), as set out in the policy.
- In determining the approach for all relevant elements the Remuneration Committee will consider a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities.

Service contracts

Shareholders are entitled to inspect a copy of executive directors' service contracts at the company's head office and at the AGM.

Executive directors' service contracts all have the following features:

- Contracts are drafted in line with best practice at the time the executive directors were appointed
- Terminable on 12 months' notice by either party

Specific provisions for Ashley Almanza and Tim Weller's contracts (dated 2013 and 2016 respectively) include:

- Messrs Almanza and Weller are each allowed to hold one external non-executive appointment and retain the fees paid to them for such appointments. Mr Almanza is a non-executive director of Noble Corporation and Mr Weller is a non-executive director of the Carbon Trust.
- Mitigation obligations on termination payments are explicitly included in the executive directors contracts. Notice payments for Ashley Almanza and Tim Weller are payable monthly.

Non-executive directors' letters of appointment:

- Appointment is subject to the provisions of the articles of association of the company, as amended from time to time regarding appointment, retirement, fees, expenses, disqualification and removal of directors
- All continuing non-executive directors are required to stand for re-election by the shareholders at least once every three years, although they have agreed to submit themselves for re-election annually in accordance with the UK Corporate Governance Code
- Initial period of appointment is two years
- All reasonably-incurred expenses will be met
- Fees are normally reviewed annually

Loss-of-office payment

The duration of the notice period in the executive directors' contracts is 12 months.

The Remuneration Committee would consider the application of mitigation obligations in relation to any termination payments.

The contracts do not provide for the payment of a guaranteed bonus in the event of termination.

Neither Ashley Almanza nor Tim Weller will be eligible for bonus accrual during any period of garden leave.

In relation to Mr Almanza, the value of the termination payment would cover the balance of any salary and associated benefits payments due to be paid for the remaining notice period, the value of which will be determined by the Remuneration Committee.

In relation to Mr Weller, the value of the termination payment would amount to the balance of any salary due to be paid for the remaining notice period multiplied by 1.25 to reflect the value of contractual benefits during such period.

The Remuneration Committee would also retain the discretion to make appropriate payments necessary to finalise any settlement agreement, but in exercising such discretion the Remuneration Committee would remain mindful to ensure that there was no reward for failure.

The fees for outplacement services and reasonable legal fees in connection with advice on a settlement agreement may be met by the company.

The table below illustrates how each component of pay would be calculated under different circumstances

Plan	Automatic "good leaver" categories	Treatment for "good leavers"	Treatment for other leavers
Annual bonus (cash element)	All leavers other than voluntary resignation and summary dismissal	Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed performance measures but reduced pro-rata to reflect the time employed.	Bonus opportunity will lapse
Annual bonus (deferred share element)	• Injury, disability or ill health • Redundancy • Retirement • Death • Termination without cause • Change of control or sale of employing company or business • Any other circumstances at the discretion of the Remuneration Committee	Deferred shares may be released if the executive director ceases employment prior to the third anniversary as a result of one of the good leaver reasons	Deferred share awards will lapse
Long Term Incentive Plan	• Injury, disability or ill health • Redundancy • Retirement • Death • Change of control or sale of employing company or business • Any other circumstances at the discretion of the Remuneration Committee	Awards will vest on the relevant vesting date on a time-apportioned basis, unless the Remuneration Committee determines otherwise, and subject to the achievement of performance measures at the relevant vesting date The vesting date for such awards will normally be the original vesting date, unless otherwise determined by the Remuneration Committee	Awards will lapse

As directors may leave employment for a wide range of reasons, the committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category

The committee will take account of the director's performance in office and the circumstances of their exit The committee will seek to balance the interests of shareholders, the departing director and the remaining directors

Any awards subject to performance conditions would be assessed at the end of the relevant period and be subject to time apportionment

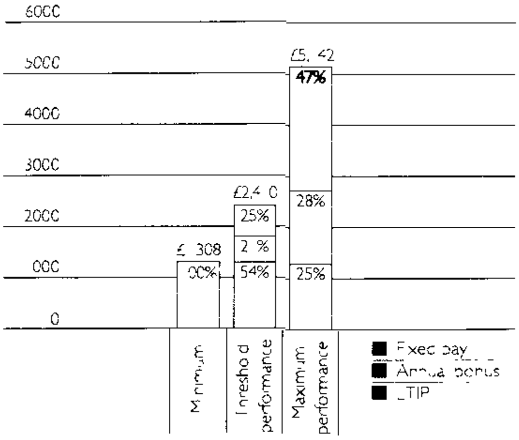
Corporate Action

If the company is subject to a change in control, the Long Term Incentive Plan provides that awards will vest subject to the performance targets having been satisfied up to the date of the change of control and, unless the committee determines otherwise, time pro-rating

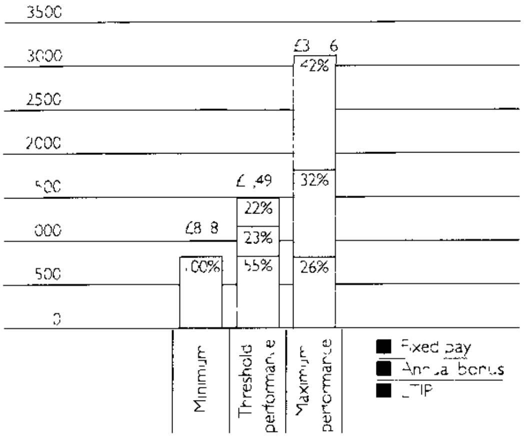
On a variation of share capital, other reorganisation of the company, or a demerger of a substantial part of the Group's business, the committee may make such adjustment to awards as it may determine to be appropriate

Illustrations of application of remuneration policy

Ashley Almanza, Chief Executive Officer (£000)



Tim Weller, Chief Financial Officer (£000)



2018	CEO	CFO
Base pay	£958,550	£656,625
Benefits	£110,000	£30,000
Pension	£239,638	£131,325
Total Fixed Pay	£1,308,188	£817,950

The benefits figures include taxable business expenses and associated tax and NIC payable by the company.

The bar charts above set out the effect of the executive directors' remuneration policy as it will apply in 2018 and based on the assumptions set out below.

	Minimum	Threshold	Maximum
Fixed pay	Consists of total fixed pay including base salary, benefits and pension benefits • Base salary – salary effective as at 1 January 2018 • Benefits – amount received by the Executive Directors respectively in 2017 including business expenses classified by HMRC as benefits but which the company does not consider to be benefits in the ordinary sense • Retirement benefits – 25% of salary for Ashley Almanza, 20% of salary for Tim Weller		
Annual bonus	No payout	35% of the maximum payout (i.e. 52.5% of salary for Ashley Almanza and Tim Weller)	100% of the maximum payout (i.e. 150% of salary for Ashley Almanza and Tim Weller)
Long-term incentives	No vesting	25% vesting under the LTIP (i.e. 62.5% of salary for Ashley Almanza and 50% of salary for Tim Weller)	100% of the maximum payout (i.e. 250% of salary for Ashley Almanza and 200% of salary for Tim Weller)

Statement of consideration of employment conditions elsewhere in the Group

The structure of the executive directors' pay policy is generally in line with the policy for remuneration of the senior management within the Group, although the levels of award will be different.

The performance measures that apply in the variable element of the remuneration will reflect the relevant areas of responsibilities. There may be one-off awards for retaining scarce and critical individuals below board level. Remuneration of employees globally will depend on local regulation and practice, taking any collective bargaining agreements into account, where they exist.

Elements of remuneration		**Availability**
Fixed	Pay	Available to all employees worldwide
	Pensions	Available to most employees in developed markets
Variable	Annual bonus	Available to all senior managers worldwide
	Long term incentive plan	Available to some senior managers worldwide
Benefits	Car or car allowance	Available to all senior managers worldwide
	Life/income protection insurance	Available to most employees in developed markets
	Private Healthcare	Available to all senior managers in markets where it is commonly provided

Across the Group the company seeks to pay competitively, taking into account external benchmarking and internal moderation at each level to ensure that remuneration is in line with market practice. When determining base salary increases for executive directors, the Remuneration Committee pays particular attention to the data at senior manager level.

At G4S, the committee does not normally consult directly with employees as part of the process of determining the remuneration policy and pay decisions for executive directors and has not therefore done so in setting this remuneration policy. However, employee surveys are carried out biennially which help determine employees' views of their own pay and benefits, as well as those of colleagues in general.

Statement of consideration of shareholder views

We are committed to on-going engagement on key remuneration issues and seek our major shareholders' views prior to proposing any major change in policy. This provides us with valuable feedback and we take into consideration these views and seek to reflect them in our policy.

The chairman of the Remuneration Committee will be available to answer any questions and listen to the views of our shareholders at the forthcoming annual general meeting.

John Daly
Remuneration Committee Chairman

8 March 2018

This is the report of the directors of the board of G4S plc for the year ended 31 December 2017.

1. The company

G4S plc is a parent company incorporated in England and Wales with company number 4992207. It trades primarily through its subsidiaries and joint ventures in numerous jurisdictions. A list of those subsidiaries and joint ventures is set out on pages 181 to 201.

G4S plc has its primary listing on the London Stock Exchange and has a secondary listing on the NASDAQ OMX exchange in Copenhagen.

2. Reporting obligations

In compliance with relevant listing rules and also with DTR4.1.5R and DTR4.1.8R, the Integrated Report and Accounts 2017 contain the consolidated results for the year, shown in the Consolidated income statement on page 132, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 116 to 119.

Details of the development and performance of the Group's business during the year, its position at the year end, future developments, principal risks and uncertainties, prospects of the Group and other information which fulfils the requirements of a management report, are all contained on pages 4 to 65 of the strategic report and are incorporated by reference in this Directors' report. The Corporate governance report, the Audit Committee report and the Directors' remuneration report set out on pages 85 to 115 and the Chief Financial Officer's review on pages 37 to 50 are also incorporated in this report by reference. The Group's financial risk management objectives and policies in relation to its use of financial instruments and its exposure to price, credit, liquidity and cash flow risk, to the extent material, are set out in note 31 to the consolidated financial statements on pages 168 to 172 which is also incorporated by reference in this Directors' report.

None of the matters required to be disclosed by LR 9.8.4C R apply to the company other than shareholder waiver of dividends which is referred to in section 4 of this Directors' report.

3. Dividends

The directors propose the following dividend for the year:

- Interim dividend of 3.59p (DKK 0.2948) per share paid on 13 October 2017
- Final dividend of 6.11p (DKK 0.5097) per share payable on 15 June 2018

Shareholders on the Danish VP register will receive their dividends in Danish kroner. Shareholders who hold their shares through CREST or in certificated form will receive their dividends in sterling unless they prefer to receive Danish kroner by way of a cheque payable in the UK, in which case they should apply in writing to the Registrars by no later than 3 May 2018.

4. Capital

The issued share capital of G4S plc at 31 December 2017 is as set out on page 182 (note 35 to the consolidated financial statements) and consisted of 1,551,594,436 ordinary shares of 25 pence each. The number of shares in issue as at 8 March 2018 remains unchanged.

In general there are no restrictions on the holder's ability to transfer their shares or exercise their voting rights, other than in situations where the company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the holder is otherwise in default of an obligation to the company).

The company is not aware of any agreements between its shareholders that may restrict the transfer of their shares or the exercise of the voting rights attaching to them except in relation to the G4S Employee Benefit Trust ("the Trust") which has been established to facilitate certain employee share plans.

Resolutions granting the directors power, subject to certain conditions, to allot and make market purchases of the company's shares will be proposed at the company's annual general meeting. At 31 December 2017 the directors had authority in accordance with a resolution passed at the company's annual general meeting held on 25 May 2017 to make market purchases of up to 155,139,000 of the company's shares.

The company does not hold any treasury shares as such. However, the 4,362,068 shares held within the Trust and referred to on page 182 (note 36 to the consolidated financial statements) are accounted for as treasury shares. The Trust has waived its right to receive dividends in respect of the company's shares which it held during the period under review.

5. Significant agreements – change of control

The company is party to a £1,000,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be cancelled and repayment of outstanding funds utilised would need to be made within 45 days.

The company entered into two US Private Placement Note Purchase Agreements (the "USPP Agreements"), on 1 March 2007 and 15 July 2008 respectively. The first USPP Agreement is for $550,000,000 and series C-D senior notes representing $250,000,000 remain outstanding and mature between 1 March 2019 and 1 March 2022. The second USPP Agreement is for $513,500,000 and £69,000,000 and series D-H senior notes representing $298,500,000 and £44,000,000 remain outstanding and mature between 15 July 2018 and 15 July 2020. Under the terms of both USPP Agreements, the company is required to offer the note holders the right to purchase the notes at par value together with interest thereon upon a change of control.

Under the terms of the £2,500,000,000 Euro Medium Term Note Programme the company issued four tranches of Medium Term Notes (MTNs), issued to various institutions on 13 May 2009 (£350,000,000), 6 December 2012 (€500,000,000), 9 November 2016 (€500,000,000) and 2 June 2017 (€500,000,000). In the event of a change of control, a put option comes into force, according to which holders of any MTN may require the company to redeem the MTNs at par if the MTNs carry a sub-investment grade credit rating in the period immediately prior to the change of control, or in certain circumstances where the MTNs are downgraded to sub-investment as a result of the change of control.

The Group's UK pension scheme trust deed contains provisions which apply if a takeover event occurs. Following such an event, the appointment and removal of trustees becomes subject to unanimous trustee agreement and the trustees acquire the unilateral power to set the employer contribution rates in certain sections of the scheme.

6. Post balance sheet events

There have been no significant events from 31 December 2017 to the date of this report.

7. Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the Group is carried out continuously. Research and development written-off to profit and loss during the year amounted to £4m (2016: £4m).

8. Employees

Asking for, listening to and acting on the feedback from our people enables us to address their concerns and capture their ideas for improvements. They are closest to our operations and to the needs of our customers in a constantly changing marketplace. We value the feedback from our biennial global and management surveys and take time in between to address the issues raised. The high response rate helps identify underlying problems and provides a strong mandate for action. In addition to the surveys we encourage dialogue with our employees directly and also seek feedback from our networks with union representatives at a global, European and local level. These networks provide early warning signs of any issues and are an additional avenue for communication and for sharing updates on business performance. More information on employee communication and consultation can be found on pages 16 and 17.

Our managers are invited to participate in webinars which coincide with announcements of our financial results and are encouraged to cascade the information shared with their teams. In 2017, we also introduced new on-line newsletters for our senior managers containing information on contract wins, projects and market developments. The newsletters showcase examples of security innovations and help businesses struggling with similar challenges to become early adopters building on new ideas rather than recreating them.

We do not employ forced, bonded or child labour. We appoint people based on their skills and capabilities and not any personal characteristics which are discriminatory or illegal in the countries in which we work. Our aim is to develop and grow so removing barriers to employment helps us ensure we tap into the widest talent pool and are able to harness all the skills and abilities people have. If, during the course of their employment individuals become disabled and unable to meet the job requirements we seek to retrain or retain their talents by making reasonable adjustments wherever possible. Further information on our approach to diversity and inclusion can be found on page 16.

9. Political donations

Each year the company's shareholders have passed a resolution on a precautionary basis to allow the company and its subsidiaries to make political donations or incur political expenditure not exceeding £50,000. However, the board confirms that the Group's policy is not to make any financial contribution to political parties and that the company and its subsidiaries have made no contributions during the year to political parties carrying on activities, or to candidates seeking election within the EU or anywhere else in the world.

10. Greenhouse gas emissions

Alongside the risks faced by people and infrastructure from climate change are the challenges presented by global economic conditions.

Managing fuel costs and the impact of "carbon taxes" through programmes to improve the Group's energy efficiency and reduce its environmental impacts are important to the continued effectiveness and sustainability of the Group's business.

We follow WBCSD* and WRI** Greenhouse Gas Protocol to measure our Scope 1 and 2 emissions – vehicle fleet, fuel, refrigerants and electricity usage for G4S businesses over which the Group has financial and operational control. In addition the Group has measured Scope 3 emissions from employee business air travel.

The businesses that reported data in the 2017 GHG measurement represent 90% of the Group's operations, across a 12 month period. This level of measurement including each of the Group's main service types, allows reliable calculation of the total GHG emissions for 100% of the Group.

The G4S total carbon footprint during 2017, extrapolated to 100% of the business equates to some 301,467 tCO_2e. These CO_2e emissions, including emissions generated by services which our customers have outsourced to G4S, have decreased by 2.5% since 2016 – against a 3.2% revenue growth in our core businesses during the same period, reflecting the efforts made to increase the energy efficiency of our business.

In 2018, we will continue to implement energy efficiency strategies with the aim of reducing carbon intensity by at least 3.5% per annum.

* World Business Council for Sustainable Development

** World Resources Institute

For further details, please visit g4s.com/en/

GHG emissions (t/CO_2e)

(Based on 90% measurement)	2016	2017
Vehicles (incl. refrigerants)	256,081	**261,398**
Total buildings (incl. refrigerants)	139,831	**139,728**
including electricity emissions of	114,243	***103,915***
Air travel	15,261	**20,368**

Carbon intensity

	2016	2017
Tonnes CO_2e per £m turnover	68.1	**62.9**

11. Substantial holdings

The company had been notified under DTR 5 of the following interests in the ordinary capital of G4S plc

As at 31.12.2017	
Invesco	202,498,965 (13.05%)
BlackRock, Inc	93,462,222 (6.02%)
Mondrian Investment Partners Limited	78,613,679 (5.07%)
Harris Associates LP	79,355,577 (5.11%)

Between 1.1.2018 and 8.3.2018	
Invesco	201,499,651 (12.98%)
Blackrock, Inc	98,401,235 (6.34%)

12. Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the company for 2018, and for their remuneration to be fixed by the Audit Committee, will be submitted to the annual general meeting.

13. Directors

The directors' biographical details of whom are contained on pages 68 and 69, held office throughout the year apart from Ian Springett who retired from the board on 20 June 2017 and John Ramsay, who was appointed to the board on 1 January 2018.

In accordance with the code provisions on re-election of directors in the UK Corporate Governance Code, each of the directors continuing in office will offer themselves for re-election. The board believes that the directors standing for re-election possess experience and expertise relevant to the company's operations, that they continue to be effective, that they are committed to the success of the company, and that they should be re-elected (or elected) at the annual general meeting.

The contracts of service of the executive directors have no unexpired term since they are not for a fixed term. They are terminable at 12 months' notice. None of the non-executive directors has a contract of service.

The company has executed deeds of indemnity for the benefit of each of the directors in respect of liabilities which may attach to them in their capacity as directors of the company. These deeds are qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 and have been in effect since 14 June 2010 for Ms Spottiswoode, 1 October 2010 for Ms Fox, 8 June 2012 for Mr Connolly, 1 January 2013 for Mr Spence, 1 April 2013 for Mr Weller, 1 May 2013 for Mr Almanza, 5 June 2015 for Mr Daly, 27 May 2016 for Mr Mogford, 1 July 2016 for Ms Thoralfsson, 1 January 2017 for Mr Springett and 1 January 2018 for Mr Ramsay. Copies of the forms of indemnity are available on the company's website. In addition, indemnities have been granted by the company in favour of certain of the directors of some of the Group's subsidiaries in the USA, Greece, India, the UAE and the Philippines. The company has maintained a directors' and officers' liability insurance policy throughout the year under review.

Details of directors' interests (including the interests of their connected persons) in the share capital of G4S plc are set out on page 101 and the directors' remuneration is set out on page 96.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

None of the directors had a material interest in any contract significant to the business of the Group during the financial year.

By order of the board

Celine Barroche
Company Secretary
8 March 2018

Directors' responsibilities

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the directors, the names of whom are set out on pages 68 and 69 of this Integrated Report and Accounts confirm that, to the best of his or her knowledge:

- the financial statements in this Integrated Report and Accounts have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and the Group; and
- the management report required by DTR4.1.8R (contained in the strategic report and the Directors' report) includes a fair review of the development and performance of the business and the position of the company and the Group taken as a whole, together with a description of the principal risks and uncertainties they face.

The strategic report from the inside front cover to page 65 includes information on the Group structure, the performance of the business and the principal risks and uncertainties it faces. The financial statements on pages 132 to 210 include information on the Group and the company's financial results, financial outlook, cash flow and net debt and balance sheet positions. Notes 22, 26, 27, 30 and 31 to the consolidated financial statements include information on the Group's investments, cash and cash equivalents, borrowings, derivatives, financial risk management objectives, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Pages 132 to 201 contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 31 to the financial statements. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 92 of the Integrated Report and Accounts.

The directors consider that the Integrated Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance and position, business model and strategy.

The statement of directors' responsibilities and the strategic report are approved by a duly authorised committee of the board of directors on 8 March 2018 and signed on its behalf by Tim Weller, Chief Financial Officer.

Tim Weller
Chief Financial Officer

8 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- G4S plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs at 31 December 2017 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Integrated Report and Accounts (the "Annual Report"), which comprise:

- the consolidated statement of financial position at 31 December 2017;
- the parent company statement of financial position at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the parent company 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.

Our opinion is consistent with our reporting to the Audit Committee.

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 Group 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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or to the parent company.

Other than those disclosed in note 10 to the financial statements, we have provided no non-audit services to the Group or to the parent company in the period from 1 January 2017 to 31 December 2017.

Our audit approach

Context

G4S is an integrated security company specialising in the provision of security and related services to customers in around 90 countries, which in 2017 was organised into seven geographical regions.

Overview

Materiality

- Overall Group materiality: £20m (2016: £15m), which represents approximately 5% of adjusted profit before tax, being profit before tax after adding back certain items that are separately reported on the face of the consolidated income statement including specific items, restructuring costs and profit on disposal.
- Overall parent company materiality: £15m (2016: £13.3m), which represents approximately 1% of net assets.

Audit scope

- Our audit included full scope audits of the Group's seven geographical regions. The regional audits were supported by full scope audits at 73 country components with specified audit procedures performed at a further 16 country components.
- Taken together, the components at which either full scope audit work or specified audit procedures were performed accounted for 76% of consolidated revenue, 78% of consolidated profit before tax and 73% of consolidated adjusted profit before tax.

Areas of focus

- Onerous contract provisioning
- Goodwill impairment
- Uncertain tax positions and deferred tax assets
- Compliance with payroll laws and regulations
- Income statement presentation
- Control environment

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We gained an understanding of the legal and regulatory framework applicable to the Group and to the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at the Group and component levels to respond to this risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

We designed audit procedures that focused on the risk of non-compliance related to, but not limited to, compliance with payroll, foreign ownership and tax laws and regulations. Our tests included, but were not limited to, the review of the financial statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, enquiries of management, review of significant component auditors' work and review of Internal Audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We found payroll compliance and tax to be key audit matters and these are discussed further below.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud and the risk of fraud in revenue recognition. Procedures designed to address these risks included testing of material journal entries and post-close adjustments, testing and evaluating management's key accounting estimates for reasonableness and consistency, undertaking cut-off procedures to check proper cut-off of revenue and testing the occurrence and accuracy of revenue transactions. In addition, we incorporate an element of unpredictability into our audit work each year.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Onerous contract provisioning Refer to Audit Committee report on page 85 and to note 33 of the Group financial statements Certain of the Group's contracts are onerous and long-term in nature. These contracts can be complex and incorporate penalty and key performance indicator ("KPI") clauses in the event of non-compliance. The Group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond 20 years. Variability of contract penalties, underlying delivery costs and customer and subcontractor claims or disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions. The prediction of future events over extended periods contains inherent risk and the outcome of customer and sub-contractor claims is uncertain and involves a high degree of management judgment. The Group's onerous contract provisions at 31 December 2017 are £62m (2016: £69m) and the income statement charge for onerous contracts in 2017 amounts to £19m (2016: £6m).	Our global approach to testing complex contracts starts with an evaluation of management's process to identify and quantify onerous and at-risk contracts. Management focuses on the top 25 contracts by region and on contracts with margins of less than 3%. We performed scanning analytics on contract margins and investigated unusual or unexpected trends to check inclusion of all relevant contracts in management's assessment. Our sampling of contracts focused our testing on higher risk and larger contracts and enabled us to form an independent view as to whether management's process had identified all onerous and at-risk contracts. For each contract in our sample, we obtained and read the key contractual terms and tested that the revenue recognised in the period was in accordance with the contractual terms and was supported by evidence of service delivery. We read and understood the contract penalty clauses and evaluated the completeness of penalties through discussions with contract managers and reading minutes of meetings between G4S and the customer, and customer correspondence. We assessed each of the key assumptions used in management's forecasts to identify and quantify onerous contract provisions. Where possible, we obtained third party evidence to corroborate management's assumptions and assessed the appropriateness of the Group's forecasts based on past performance. The Group's policy is to include the benefits of performance improvement plans only where there is evidence of plans being achievable. We critically challenged these benefits based on observable benefits achieved to date and the extent to which these plans are within the Group's direct control. We assessed the appropriateness of the discount rate used to present value the obligation and checked that the rate appropriately reflected the risk in the underlying cash flows. We also assessed the recoverability of dedicated contract assets where the contract was identified as onerous. Having examined management's analysis, including accounting papers prepared to support key contract judgments and onerous contract provisions, our procedures focused on the Facilities Management and Care & Justice businesses in the UK and specifically on the Compass contract and on a legacy PFI contract which is long-term in nature. Both contracts are sensitive to changes in assumptions and have given rise to changes in provisioning levels at year-end. For these contracts, we performed our own independent sensitivity analysis and we have undertaken additional analysis on key assumptions to which management's provisioning judgments are more sensitive. We also held discussions with in-house and external legal counsel and read appropriate documentation to evaluate contractual claims and disputes with customers and subcontractors. We obtained and evaluated evidence to support decisions and rationale for provisions held or the decision not to record provisions, including correspondence with external legal counsel. We also considered external information sources to assess and evaluate the alternate possible scenarios. We considered the level of provisioning to be acceptable in the context of the Group financial statements taken as a whole. However, we noted that the assumptions and judgments that are required to formulate the provisions mean that the range of possible outcomes is broad. We are satisfied with the Group's related disclosures of these onerous contracts in light of the underlying assumptions and accounting judgments made.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment Refer to Audit Committee report on page 85 and to note 18 of the Group financial statements The Group has £1.9bn of goodwill at 31 December 2017 (2016: £2.0bn). No impairment charge has been recorded in 2017 (2016: £9m). Management determines the recoverable amount of a cash generating unit ("CGU") as the higher of value in use ("VIU") or fair value less cost of disposal ("FVLCD"). The carrying value of goodwill is contingent on future cash flows and there is risk if these cash flows do not meet the Group's expectations that the assets will be impaired. The impairment reviews performed by the Group contain a number of significant judgments and estimates including revenue growth, profit margins, cash conversion and long-term growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.	We assessed the mathematical accuracy of management's cash flow model and agreed the underlying forecasts to board approved budgets and assessed how these budgets were compiled. With the support of our valuations experts, we assessed the terminal growth rates and discount rates applied by management to third party information and confirmed whether they fell within a reasonable range of external market data. Where they did not, we applied our independent view of a more appropriate rate to management's forecast. We considered the reliability of management's forecasting for revenue, profit and cash conversion by comparing budgeted results to actual performance over a period of three years, which we considered appropriate. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios. Where the recoverable amount has been assessed with reference to a valuation multiple, we assessed the appropriateness of the multiple by comparison to recent business disposals and to other third party information, with the support of our valuations experts. We challenged management as to the appropriateness of the level of aggregation of each CGU and the independence of cash flows from other assets. We performed our own risk assessment by considering historical performance, forecasting accuracy and modelled headroom to highlight the CGUs with either a lower headroom or which are more sensitive to changes in key assumptions. We also considered the valuation multiple implied by management's estimate. For those CGUs with low headroom, we performed our own sensitivity analysis to understand the impact of changes in the assumptions on the available headroom. We critically assessed management's forecast by comparing growth forecast to actual growth to date and to IMF projections. The recoverable amounts of a number of CGUs including Brazil Secure Solutions, Risk Management and UK Cash Solutions were found to be sensitive to reasonably possible changes in assumptions and we satisfied ourselves that this risk was appropriately highlighted in the disclosures in note 18. As a result of our work, we determined that it was appropriate that no impairment charge was recognised in the context of the Group financial statements taken as a whole and that adequate disclosure has been made.

Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions and deferred tax assets Refer to Audit Committee report on page 85 and to notes 13 and 34 of the Group financial statements The Group operates in a complex multinational tax environment and is subject to a range of tax risks during the normal course of business including transaction related tax matters and transfer pricing arrangements Where the amount of tax payable is uncertain, the Group establishes provisions based on management's judgment of the probable amount of the future liability At 31 December 2017, the Group has recognised provisions of £42m related to uncertain tax positions (2016 £37m) In addition the Group has recognised £240m of deferred tax assets at 31 December 2017 (2016 £285m) The recognition of deferred tax assets involves judgment by management regarding the likelihood of the realisation of these assets The expectation that these assets will be realised is dependent on a number of factors including whether there will be sufficient taxable profits in future periods to support utilisation of these assets There have been a number of changes in tax law in 2017, especially in the US that have resulted in a significant impact on the Group's deferred tax balances The most significant change has been the US Tax Cuts and Jobs Act which was substantively enacted before 31 December 2017 The Group has needed to consider the impact of this new tax law on both its current and deferred taxes Certain of the changes introduced by the Act are complex and there are number of areas of uncertainty relating to both the manner in which the law will apply and to the accounting in certain areas	With the assistance of our local and international tax specialists, we evaluated and challenged management's judgments in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions In understanding and evaluating management's judgments we considered the status of recent and current tax authority audits and enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment Where appropriate, we also read appropriate documentation to understand the legal positions reached From the evidence obtained, we considered the level of provisioning to be acceptable in the context of the Group financial statements taken as a whole However, we noted that the assumptions and judgments that are required to formulate the provisions mean that there is a broad range of possible outcomes In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realised and whether there will be sufficient taxable profits in future periods to support their recognition We evaluated the directors' future cash flow forecasts and the process by which they were prepared, ensuring consistency of cash flows with those used for the purpose of goodwill impairment testing Based on our procedures, future cash flow forecasts supported the recoverability of the deferred tax assets recognised We have reviewed the Group's impact assessment as a result of US tax reform, deploying our US tax specialists We have discussed with management the key judgments made in evaluating how the legislation applies to the Group and compared these judgments with our independent expectations based on our knowledge of the Group's tax affairs We have also verified the mathematical accuracy of the deferred tax re-measurement calculations We are satisfied that the Group has appropriately accounted for the impact of US tax reform in the context of the Group financial statements taken as a whole

Key audit matter	How our audit addressed the key audit matter
Compliance with payroll laws and regulations	
Refer to Audit Committee report on page 85 and to note 33 of the Group financial statements The Group employs over 570,000 employees across six continents. There are a number of ongoing employee and regulatory claims in relation to the interpretation and potential risks relative to the application of local payroll laws and regulations in a number of countries. Interpreting and complying with payroll laws and regulations is complex. There is inherent judgment associated both with assessing and quantifying probable outcomes in relation to ongoing claims and with determining any exposure (and the need for provision) in areas where legal requirements are open to interpretation. In addition, possible outcomes need to be considered for disclosure as contingent liabilities. Unexpected adverse outcomes could materially impact the Group's financial performance and position.	We met with the directors, management and in-house legal counsel and held discussions with the Group's external legal advisors to assess the probable outcomes in relation to ongoing claims and exposures in countries and areas where legal requirements are open to interpretation. We evaluated and challenged management's judgments in order to assess the adequacy of the Group's provisions and disclosures. In understanding and evaluating management's judgments, we considered the status and basis of employee and regulatory claims, settlement history and the views of internal and external legal counsel regarding the interpretation and application of local payroll laws and regulations. Where appropriate, we also read relevant documentation and correspondence to understand the legal positions reached. From the evidence obtained, we are satisfied with the Group's provisioning decisions at 31 December 2017 in the context of the Group financial statements taken as a whole and with the adequacy of the contingent liability disclosures given the status, materiality and likely outcome of employee and regulatory claims and exposures in countries and areas where legal requirements are open to interpretation.
Income statement presentation	
Refer to Audit Committee report on page 85 and to note 3(b) of the Group financial statements The Group has historically reported specific and other items (including restructuring costs) which are disclosed separately on the face of the income statement and which are excluded from management's reporting of the underlying results of the business. Consistent with the Group's definition of profit before interest, tax and amortisation ("Adjusted PBITA"), the following items have continued to be disclosed separately on the face of the income statement in 2017: net specific items £34m (2016: £13m), restructuring costs £20m (2016: £12m), and net profit on disposal and closure of subsidiaries £74m (2016: £7m). The treatment of specific and other separately disclosed items is explained in the Group accounting policy in note 3(b). We focused on this area because the classification of items as specific or separate disclosure of items of income or expenditure on the face of the income statement requires judgment and because certain of these items are excluded from the calculation of elements of executive remuneration in line with the Group's remuneration policy. Consistency in the identification and presentation of these items is important to ensure comparability of year-on-year reporting in the Annual Report.	We substantiated the nature and quantum of individual items to appropriate corroborating evidence. We considered whether the designation of individual items as specific was consistent with the Group's accounting policy and treatment in prior years. Furthermore, we considered whether amounts included as specific items related to current year trading and might be more appropriately reflected in the underlying results. We considered whether the Group has taken a balanced approach to this area, checking that exceptional one-off items of income are treated consistently with one-off items of cost. We tested management's process for identifying and tracking the current year reversal of any prior year specific items, or utilisation of or adjustment to related provisions, to identify whether these have been appropriately presented in the current year income statement. Based on our procedures, we were satisfied that the treatment and classification of these items were consistent year-on-year and with the Group's policies.

Key audit matter	How our audit addressed the key audit matter
Control environment The geographical span and decentralised structure of the Group, coupled with the current disparate systems landscape and evolving control environment, means that there is an increased risk of errors remaining undetected and aggregating to cause a material misstatement to the Group financial statements. Progress has been made by the Group in 2017 to strengthen the controls framework through the embedding of the Minimum Financial Controls ("MFC") framework. However, as the framework is still in its early stages, the operation and formalisation of these controls is at different levels of maturity across the organisation.	In recognition of the Group's scale and decentralised structure and aligning to the Group's regional management structure, we continued to deploy teams in each of the Group's regions to lead our interactions with regional management, to coordinate the audit work performed at a country component level and to audit and report on the aggregated financial information of that region. Given that the operation and formalisation of MFC controls are at different levels of maturity across the organisation, we did not seek to test or rely on these controls for our 2017 audit. We therefore instructed our component teams not to rely on financial controls at the local business level but to perform a substantive audit focused on transaction testing and on the integrity of the year-end balance sheet. With the support of our regional teams we determined the entities to be included in our Group audit scope based on those locations with significant risk and those which contribute a significant amount to material line items in the Group financial statements. We applied a reduction to our overall materiality to set a performance materiality benchmark that we used to determine the nature, timing and extent of our detailed audit procedures. Our performance materiality benchmark for the Group audit of £12.5m reflects the Group's evolving control environment, the risk of multiple misstatements resulting in a material misstatement and the history of past audit adjustments. Wherever we identified audit adjustments or control matters which could be pervasive across the Group, we instructed our regional and country component teams to assess whether similar errors had arisen elsewhere. While we did identify audit differences across the Group, management corrected the more significant items meaning that the uncorrected items reported to the Audit Committee were considered to be immaterial for adjustment, both individually and in aggregate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls and the industry in which they operate.

In 2017, the Group was structured into seven geographical regions being Africa, Asia Pacific, Europe, Latin America, Middle East & India, North America and the UK & Ireland ("UK&I"). Corporate head office entities are managed at a Group level. Each geographical region ("regional component") is an aggregation of a number of country-based components along with the Group's interests in joint ventures (together the "country components"). Each geographical region has a separate management team which coordinates the businesses within that region.

The Group's accounting processes are structured around a local finance function in each of the country components. In addition, finance shared service centres in the UK, North America and India support certain of the Group's businesses. The country components report to the regions and to the Group through an integrated consolidation system.

In performing our audit, we determined that we needed to conduct audit work over the complete financial information of each of the regional components. We therefore deployed regional component audit teams in each of the seven regions to lead our interactions with regional management, to coordinate the audit work performed on country components and to audit and report on the aggregated financial information of that region. In addition to the seven regional components, specific audit procedures over central functions, the Group consolidation, head office entities and areas of judgment (including taxation, goodwill and intangible assets impairment, treasury and post-retirement benefits) were directly led by the Group audit team.

Recognising that not every country component in each regional component is included in our Group audit scope, we considered as part of our Group audit oversight responsibility what audit coverage had been obtained in aggregate by our regional component teams by reference to country components at which audit work had been undertaken. Beneath the regional component layer the Group financial statements are an aggregation of approximately 700 reporting units, each of which is considered to be a country component. We identified 73 country component units that, in our view, required a full scope audit due to their size or risk characteristics. Specific audit procedures over significant balances and transactions were performed at a further 16 country component units to give appropriate coverage of all material balances.

Where the work was performed by regional and country component audit teams, we determined the level of involvement we needed to have in the audit work at those components. As a result, six of the seven regions were visited by senior members of the Group audit team as a supplement to the regular dialogue between our Group and regional teams and the issuance of instructions to direct their work. Regional teams visited a further 19 country components performing oversight procedures under our instruction. For those components in Group audit scope where a site visit was not undertaken, our Group and our regional component audit teams involvement included regular dialogue with our country component teams, review of component auditor work papers and participation in certain component audit clearance meetings for the more significant country components.

Taken together, the components and functions where we performed either full scope audit work or specified audit procedures accounted for 76% of consolidated revenue, 78% of consolidated profit before tax and 73% of consolidated adjusted profit before tax. This was before considering the contribution to our audit evidence from performing audit work at the regional and Group levels, including disaggregated analytical review procedures and our evaluation of entity level controls, which covered a significant portion of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Overall materiality	£20m (2016: £15m)	£15m (2016: £13.5m)
How we determined it	5% of adjusted profit before tax, being profit before tax after adding back certain items that are separately reported on the face of the consolidated income statement including specific items, restructuring costs and profit on disposal	1% of net assets
Rationale for benchmark applied	The Group's principal measure of earnings is profit before interest, tax and amortisation adjusted for a number of items of income and expenditure ("Adjusted PBITA"). Management uses this measure as it believes that it reflects the underlying performance of the Group. We took this measure into account in determining our materiality, except that we did not adjust profit before tax to add back amortisation of acquisition-related intangible assets and finance income and expense as in our view these are recurring items which do not introduce volatility to the Group's earnings	The parent company holds the Group's investments and performs treasury functions on behalf of the Group. Therefore the entity is not in itself profit-oriented. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern for the parent company is the payment of dividends and servicing of debt

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group audit materiality. The range of overall materiality allocated to each regional component was between £5m and £15m and by each region to each country component was between £0.01m and £14m. Certain components were audited to a local statutory audit materiality level that was also less than our overall Group audit materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1m (Group audit) (2016: £1m) and £750,000 (parent company audit) (2016: £675,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

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, Directors' Report and Corporate Governance Statement, 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, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (in the corporate governance report) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (in the corporate governance report) with respect to the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the parent company. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 91 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; and
- The directors' explanation on page 92 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 119, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for the members to assess the Group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 85 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; and
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities set out on page 119, 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 is 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 Group's and the parent 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 Group or the parent 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

OTHER REQUIRED REPORTING

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 parent 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 4 June 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 December 2015 to 31 December 2017.

Richard Hughes (Senior Statutory Auditor) RHughes.
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

8 March 2018

Consolidated income statement

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Continuing operations			
Revenue	5, 6		7,590
Operating profit before joint ventures, specific items and other separately disclosed items		**482**	452
Share of post tax profit from joint ventures	20	**9**	9
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	6	**491**	461
Specific items – charges	8		(21)
Specific items – credits	8	**–**	8
Restructuring costs	8		(12)
Profit on disposal/closure of subsidiaries/businesses	8	**74**	7
Goodwill impairment	8, 18	**–**	(9)
Amortisation of acquisition-related intangible assets	8	**(10)**	(32)
Operating profit	6, 8	**501**	402
Finance income	12	**16**	33
Finance expense	12	**(131)**	(139)
Profit before tax		**386**	296
Tax	13	**(128)**	(76)
Profit from continuing operations after tax		**258**	220
Loss from discontinued operations	7	**(6)**	(3)
Profit for the year		**252**	217
Attributable to:			
Equity holders of the parent		**236**	198
Non-controlling interests		**16**	19
Profit for the year		**252**	217
Earnings per share attributable to equity shareholders of the parent	15		
Basic and diluted – from continuing operations		**15.6p**	13.0p
Basic and diluted – from continuing and discontinued operations		**15.2p**	12.8p

Consolidated statement of comprehensive income
For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Profit for the year		**252**	217
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Re-measurements relating to defined retirement benefit schemes	32	**26**	(169)
Tax on items that will not be re-classified to profit or loss	13	**(4)**	28
		22	(141)
Items that are or may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(125)**	429
Change in fair value of net investment hedging financial instruments		**56**	(197)
Change in fair value of cash-flow hedging financial instruments		**–**	(4)
Tax on items that are or may be re-classified subsequently to profit or loss	13	**–**	22
		(69)	250
Other comprehensive (loss)/income, net of tax		**(47)**	109
Total comprehensive income for the year		**205**	326
Attributable to:			
Equity holders of the parent		**191**	305
Non-controlling interests		**14**	21
Total comprehensive income for the year		**205**	326

Consolidated statement of changes in equity
For the year ended 31 December 2017

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves* £m	Total £m	NCI reserve £m	Total equity £m
At 1 January 2017	**388**	**258**	**(260)**	**456**	**842**	**21**	**863**
Total comprehensive income	–	–	**260**	**(69)**	**191**	**14**	**205**
Dividends paid	–	–	**(145)**	–	**(145)**	**(34)**	**(179)**
Transactions with non-controlling interests ("NCI")	–	–	**(19)**	–	**(19)**	**3**	**(16)**
Recycling of net investment hedge	–	–	–	**24**	**24**	–	**24**
Recycling of cumulative translation adjustments	–	–	–	**(42)**	**(42)**	–	**(42)**
Own shares awarded	–	–	**(11)**	**11**	–	–	–
Own shares purchased	–	–	–	**(10)**	**(10)**	–	**(10)**
Share-based payments	–	–	**9**	–	**9**	–	**9**
At 31 December 2017	**388**	**258**	**(166)**	**370**	**850**	**4**	**854**
At 1 January 2016	388	258	(174)	201	673	8	691
Total comprehensive income			55	250	305	21	326
Dividends paid	-		(145)	-	(145)	(17)	(162)
Transactions with non-controlling interests ("NCI")			(1)		(1)	(1)	(2)
Own shares awarded			(5)	5		-	-
Share-based payments	-		10		10	-	10
At 31 December 2016	388	258	(260)	456	842	21	863

* See note 36 for an analysis of other reserves

Consolidated statement of financial position

At 31 December 2017

	Notes	2017 £m	2016* £m
ASSETS			
Non-current assets			
Goodwill	18	**1,914**	1,990
Other acquisition-related intangible assets	18	**9**	18
Non-acquisition-related intangible assets	18	**88**	86
Property, plant and equipment	19	**395**	437
Trade and other receivables	23	**83**	101
Investment in joint ventures	20	**20**	19
Investments	22	**20**	17
Retirement benefit surplus	32	**80**	75
Deferred tax assets	34	**240**	285
	6	**2,849**	3,023
Current assets			
Inventories	21	**104**	112
Investments	22	**42**	52
Trade and other receivables	23	**1,416**	1,381
Current tax assets		**55**	61
Cash and cash equivalents	26	**902**	831
Assets of disposal groups classified as held for sale	25	**53**	151
		2,572	2,588
Total assets		**5,421**	5,611
LIABILITIES			
Current liabilities			
Bank overdrafts	26, 27	**(284)**	(93)
Bank loans	27	**(8)**	(16)
Loan notes	27	**(655)**	(677)
Obligations under finance leases	28	**(15)**	(20)
Trade and other payables	29	**(1,262)**	(1,260)
Current tax liabilities		**(79)**	(64)
Provisions	33	**(104)**	(116)
Liabilities of disposal groups classified as held for sale	25	**(19)**	(58)
		(2,426)	(2,304)
Non-current liabilities			
Bank loans	27	**(5)**	(4)
Loan notes	27	**(1,486)**	(1,715)
Obligations under finance leases	28	**(20)**	(37)
Trade and other payables	29	**(23)**	(30)
Retirement benefit obligations	32	**(461)**	(512)
Provisions	33	**(138)**	(132)
Deferred tax liabilities	34	**(8)**	(14)
		(2,141)	(2,444)
Total liabilities		**(4,567)**	(4,748)
Net assets		**854**	863
EQUITY			
Share capital	35	**388**	388
Share premium		**258**	258
Reserves	36	**204**	196
Equity attributable to equity holders of the parent		**850**	842
Non-controlling interests		**4**	21
Total equity		**854**	863

* The Consolidated statement of financial position at 31 December 2016 has been re-presented – see note 3(a)

The consolidated financial statements were approved by the board of directors and authorised for issue on 8 March 2018. They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

Consolidated statement of cash flows

For the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Operating profit		**501**	402
Adjustments for non-cash and other items			
Goodwill impairment		**–**	9
Amortisation of acquisition-related intangible assets		**10**	32
Net profit on disposal/closure of subsidiaries/businesses		**(74)**	(7)
Depreciation of property, plant and equipment		**104**	106
Amortisation of non-acquisition-related intangible assets		**22**	25
Share of profit from joint ventures	20	**(9)**	(9)
Equity-settled share-based payments		**9**	10
Increase/(decrease) in provisions		**18**	(1)
Additional pension contributions	32	**(40)**	(39)
Operating cash flow before movements in working capital		**541**	528
Decrease/(increase) in inventory		**1**	(5)
Increase in accounts receivable		**(95)**	(9)
Increase in accounts payable		**41**	101
Net cash flow from operating activities of continuing operations		**488**	615
Net cash flow from operating activities of discontinued operations		**–**	(9)
Cash generated by operations		**488**	606
Tax paid		**(86)**	(84)
Net cash flow from operating activities		**402**	522
Investing activities			
Purchases of non-current assets		**(109)**	(116)
Proceeds on disposal of property, plant and equipment		**5**	9
Disposal of subsidiaries/businesses	17	**156**	82
Cash, cash equivalents and bank overdrafts in disposed entities		**(8)**	(20)
Acquisition of subsidiaries		**(1)**	(1)
Interest received		**29**	14
Sale of investments		**3**	6
Cash flow from equity-accounted investments		**6**	8
Net cash flow from investing activities		**81**	(18)
Financing activities			
Dividends paid to equity shareholders of the parent		**(145)**	(145)
Dividends paid to non-controlling interests		**(34)**	(17)
Purchase of own shares		**(10)**	–
Proceeds from new borrowings		**437**	440
Repayment of borrowings		**(672)**	(451)
Net interest received relating to derivative financial instruments		**29**	22
Interest paid		**(136)**	(132)
Repayment of obligations under finance leases		**(23)**	(22)
Transactions with non-controlling interests		**(16)**	(2)
Net cash flow from financing activities		**(570)**	(307)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	37	**(87)**	197
Cash, cash equivalents and bank overdrafts at the beginning of the year		**672**	388
Effect of foreign exchange rate fluctuations on net cash held		**(14)**	87
Cash, cash equivalents and bank overdrafts at the end of the year	26	**571**	672

Notes to the consolidated financial statements

1. General information

G4S plc is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising "the Group") and the Group's interest in joint ventures made up to 31 December each year. The Group operates throughout the world and in a wide range of functional currencies, the most significant being the Euro, the US dollar and Sterling. The Group's financial statements are presented in Sterling, as the Group's primary listing is in the UK. The address of the registered office is given on page 212.

2. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the Companies Act 2006, with International Financial Reporting Standards adopted by the European Union (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and the accounting policies have been consistently applied. The parent company financial statements have been prepared in accordance with FRS 101 – Reduced Disclosure Framework, in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on pages 202 to 210.

3. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis and using the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies adopted are set out below. Judgments made by the directors in the application of those accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, are discussed in note 4.

Presentation of the Consolidated statement of financial position

The Consolidated statement of financial position as at 31 December 2016 has been re-presented to show the re-classification of certain items within cash and cash equivalents of £20m as investments and to show the re-classification of certain investments totalling £12m previously presented as current, as non-current. As a consequence of this change in presentation, cash and cash equivalents as at 31 December 2016 have decreased from £851m to £831m, current investments have increased from £44m to £52m and new non-current investments of £12m have been presented.

(b) Presentation of the Consolidated income statement

In order to provide further clarity in the Group's Consolidated income statement and segmental analysis, the Group separately discloses specific items, restructuring costs, profits or losses on disposal/closure of subsidiaries, amortisation of acquisition-related intangible assets and any related expenses and goodwill impairment. This is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a more meaningful analysis of the Group's results. The directors believe that presentation of the Group's results in this way aids the understanding of the Group's financial performance. Further explanation about the Group's rationale for separately presenting these items is set out in the Alternative Performance Measures section of the Strategic Report on pages 35 and 36.

Specific items

The Group's Consolidated income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management's judgment need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All items that are reported as specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversals of excess provisions previously created as specific items are classified consistently as specific items.

In general, provisions recognised for future losses on onerous contracts are charged to the Consolidated income statement within Adjusted PBITA. However, where onerous contract charges are significant by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses. Releases of onerous contract provisions originally charged as specific items are separately credited within specific items.

Specific items may not be comparable to similarly-titled measures used by other companies. Specific items for the current and prior years are described in note 8.

Other separately disclosed items

In order to provide further clarity in the Consolidated income statement, the Group also discloses separately certain strategic *restructuring costs, profits or losses on disposal or closure of subsidiaries, acquisition-related amortisation and expenses and* goodwill impairment.

Restructuring costs that are separately disclosed reflect the multi-year productivity programme which is being implemented by the Group. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. During 2016 and 2017 activities under the programme have focused primarily on transforming the operating model in the UK & Ireland and Europe regions. Restructuring costs that are incurred in the normal course of business are recorded within Adjusted PBITA. Going forwards the Group has announced a three-year plan to 2020 to implement efficient organisational design and leaner processes which is likely to require further restructuring investment.

Further explanation about the Group's rationale for separately presenting profits or losses on disposal or closure of subsidiaries, amortisation of acquisition-related intangible assets and goodwill impairment is set out on page 36.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved where the Group has existing rights that give it the current ability to direct the activities that affect the Group's returns and exposure or rights to variable returns from the entity. This can be determined either by the Group's ownership percentage, or by the terms of any shareholder agreement. In the case of certain investments detailed analysis of the different contracts in place is required, together with a level of judgment, to ascertain whether there is control under the definition of IFRS 10 – Consolidated financial statements (see note 4).

On acquisition, the assets, liabilities and contingent liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the acquisition date fair value of the assets transferred as consideration to the vendor and does not include transaction costs. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the Consolidated income statement in the year of acquisition.

The cost of acquisition includes the present value of deferred and contingent consideration payable, including that in respect of put options held by non-controlling shareholders, as estimated at the date of acquisition. Subsequent changes to the present value of the estimate of contingent consideration and any difference upon final settlement of such a liability are recognised in the Consolidated income statement with respect to contingent consideration and in other comprehensive income with respect to put options. Non-controlling interests are stated at their proportion of the fair values of the assets and liabilities recognised. Profits and losses are applied in the proportion of their respective ownership to the interest of the parent and to the non-controlling interest.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated income statement from the effective date of control and up to the effective date of disposal, respectively.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the Consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses is recognised in the Consolidated income statement.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group company transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

(d) Foreign currencies

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value which are denominated in other currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the Consolidated income statement for the period.

On consolidation, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on their acquisition, are translated into Sterling at exchange rates prevailing on the balance sheet date. Income and expenses are translated into Sterling at the average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions). Exchange differences arising are recognised in other comprehensive income, together with exchange differences arising on monetary items that are in substance a part of the Group's net investment in foreign operations, and on borrowings and other currency instruments designated as hedges of such investments where and to the extent that the hedges are deemed to be effective. On disposal, translation differences are recognised in the Consolidated income statement in the period in which the operation is disposed of.

3. Significant accounting policies *continued*

(e) Derivative financial instruments and hedge accounting

In accordance with its treasury policy, the Group only holds or issues derivative financial instruments to manage the Group's exposure to financial risk, not for trading purposes. Such financial risk includes the interest-rate risk on the Group's variable-rate borrowings, the fair-value risk on the Group's fixed-rate borrowings, commodity risk in relation to its diesel consumption and foreign-exchange risk on transactions, on the translation of the Group's results and on the translation of the Group's net assets measured in foreign currencies. The Group manages these risks through a range of derivative financial instruments, including interest-rate swaps, fixed-rate agreements, commodity swaps, commodity options, forward-currency contracts and currency swaps.

Derivative financial instruments are recognised in the Consolidated statement of financial position at fair value as financial assets or financial liabilities.

The gain or loss on re-measurement to fair value is recognised immediately in the Consolidated income statement, unless the derivatives qualify for hedge accounting where the treatment of any resultant gain or loss depends on the nature of the item being hedged as described below.

Fair-value hedges

The change in the fair value of both the hedging instrument and the related portion of the hedged item that is attributable to the hedged risk is recognised immediately in the Consolidated income statement.

Cash-flow and net-investment hedges

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to the Consolidated income statement when the hedged cash flow or hedged net investment impacts the Consolidated income statement. The ineffective portion of the fair value of the hedging instrument is recognised immediately in the Consolidated income statement.

(f) Intangible assets

Goodwill

Business combinations are accounted for by the application of the acquisition method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of a subsidiary or joint venture. No goodwill arises on the acquisition of an additional interest from a non-controlling interest in a subsidiary as this is accounted for as an equity transaction. Goodwill is stated at cost, less any accumulated impairment losses, and is tested annually for impairment or more frequently if there are indications that amounts may be impaired. On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition-related intangible assets

Intangible assets on acquisitions that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquisition-related intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquisition-related intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earnings method.

Acquisition-related intangible assets are amortised by equal annual instalments over their expected economic life. The directors review acquisition-related intangible assets on an on-going basis and, where appropriate, provide for any impairment in value.

The estimated useful lives are as follows:

Trademarks and technology	up to a maximum of five years
Customer contracts and customer relationships	up to a maximum of ten years

Non-acquisition-related intangible assets

Development expenditure represents expenditure incurred in establishing new services and products of the Group. Such expenditure is recognised as an intangible asset only if the following can be demonstrated: the expenditure creates an identifiable asset, its cost can be measured reliably, it is probable that it will generate future economic benefits, it is technically and commercially feasible, and the Group has sufficient resources to complete development. In all other instances, the cost of such expenditure is taken directly to the Consolidated income statement.

Capitalised development expenditure is amortised over the period during which the expenditure is expected to be revenue-producing, up to a maximum of ten years. The directors review the capitalised development expenditure on an on-going basis and, where appropriate, provide for any impairment in value.

Research expenditure is charged to the Consolidated income statement in the year in which it is incurred.

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged on software so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives, up to a maximum of eight years.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

Freehold and long leasehold buildings	up to 50 years
Short leasehold buildings (under 50 years)	over the life of the lease
Equipment and motor vehicles	2 to 10 years

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

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

(h) Financial instruments

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

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost less provision for impairment. Provisions are made where the Group identifies a risk of non-payment, taking into account ageing, previous losses experienced and other local economic and market conditions and are calculated by discounting expected cash flows using the effective interest rate at origination of the receivable.

Investments

Investments comprise investments in securities which are classified as held-for-trading. Such investments are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the Consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated statement of cash flow.

Interest-bearing borrowings

Interest-bearing bank overdrafts, loans and loan notes are recognised at the value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the Consolidated income statement on an accrual basis using the effective-interest method.

Trade payables

Trade payables are not interest-bearing and are stated initially at fair value.

Equity instruments

Equity instruments issued by the Group are recorded at the value of proceeds received, net of direct issue costs.

(i) 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 using either the weighted average or the first-in-first-out method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

(j) Impairment

The carrying values of the Group's assets, with the exception of inventories, financial receivables and deferred tax assets, are reviewed on an on-going 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 Consolidated income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of any other asset, 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.

3. Significant accounting policies *continued*

(k) Employee benefits

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The retirement benefit obligation recognised in the Consolidated statement of financial position represents the present value of the Group's total defined benefit obligation reduced by the fair value of the related scheme assets. The total of all of the Group's individual schemes that are in a net asset position is presented separately in the Consolidated statement of financial position. The value of any net asset recognised for a defined benefit scheme is limited to the present value of available refunds and reductions in future contributions to the scheme.

For defined benefit plans, the cost charged to the Consolidated income statement consists of current service cost, net interest cost, and past service cost. The finance element of the pension charge is shown in finance expense and the remaining service cost element is charged as a component of employee costs in the Consolidated income statement. Actuarial and other re-measurement gains and losses are recognised immediately in full within other comprehensive income.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. The fair value of equity-settled share-based payments is determined at the date of grant and expensed with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, excluding changes resulting from any market-related performance conditions. Cash-settled share-based payments are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date the liability is settled. Changes in the liability are recognised directly in the Consolidated income statement.

(l) Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. The amount recognised as a provision is the Group's best estimate of the likely outflows at the end of the reporting period.

In respect of claims, onerous customer contracts and litigation, the Group provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all risks, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercises judgment in measuring the Group's exposures to contingent liabilities (see note 33) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

Where the time value of money is material, provisions are stated at the present value of the expected expenditure using an appropriate discount rate.

(m) Restructuring costs

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

The Group distinguishes in the Consolidated income statement between restructuring costs that are recurring and those that relate to one-off or transformational Group programmes that impact a number of operations.

Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the Group's results within adjusted profit before interest, tax and amortisation (Adjusted PBITA).

Restructuring costs that are one-off and individually material or relate to programmes linked to the Group's wider transformation and require approval at executive level, are disclosed separately in the Consolidated income statement.

(n) Revenue recognition

The Group's revenue arises from two primary sources – Secure Solutions products, mainly comprising manned security and facilities management services, and Cash Solutions, mainly the provision of physical cash management services.

Within Secure Solutions there are additional revenue streams arising from:

- Technology services, comprising the supply, installation and monitoring of alarm systems, and security and building systems technology;
- Facilities management; and
- Care & Justice services.

Within Cash Solutions there is an additional revenue stream arising from Technology services to retailers comprising the provision of hardware and software for customer cash management and related services

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

Certain low-volume, high-value government contracts, mainly for Care & Justice services and facilities management services, can cover a range of bundled services over a long period of time, that are provided on a time and materials basis Revenue for this type of contracts is recognised on an accrual basis based on the individual services provided and in accordance with the terms of the contract

Where services provided to customers include more than one particular revenue source particularly in cash technology services and in the alarms business, 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

Manned security, cash management, facilities management, other care and justice services and security systems services

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

Security alarm systems installations

Revenue for B2B customers is recognised on completion of the installation, and the attributable costs of the installation are recognised as a cost of sale, given that economic ownership of the asset is transferred to the customer

Revenue for B2C customers is deferred and recognised along with the revenue from the related monitoring service over the term of the contract, given that legal and economic ownership of the assets remains with the Group

Service and monitoring fees for all alarm system contracts are recognised in the period when the service is provided

Long-term contracts

These contracts are mainly related to certain long-term construction or alarm or other technology installation projects which span one or more reporting periods and where long-term contract accounting is applied

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date This is measured either by the proportion that contract costs incurred for work to date bear to the estimated total contract costs or by the proportion that the sales value of work completed to date bears to the total sales value Variations in contract work, claims and incentive payments are included to the extent that it is likely that they will be agreed with the customer and hence recoverable

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are deemed likely to be recoverable Contract costs are recognised as expenses as they are incurred

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense

(o) Pre-contract and mobilisation costs

Pre-contract costs in respect of major outsourcing contracts, incurred after the point at which the Group achieves preferred bidder status (at which point it is considered probable that the contract will be obtained) and before contract mobilisation, are capitalised and expensed over the life of the contract, subject to recoverability criteria Costs incurred prior to this point are expensed as incurred Capitalised costs are expensed immediately in the event that preferred bidder status is not followed by the award of the contract, or where these may no longer be expected to be recovered through future profits

Mobilisation costs are those costs incurred after the signing of a contract with a customer, and prior to commencement of delivery of the contract Costs incurred during this stage are generally only capitalised if the criteria to be capitalised as inventories or as property, plant and equipment are met In all other cases mobilisation costs are expensed as incurred

(p) Onerous contracts

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it Management's profit-improvement plans to recover the position on loss-making contracts require a level of judgment and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered The provision is calculated based on discounted cash flows to the end of the contract

In general provisions recognised for future losses are charged to the Consolidated income statement within Adjusted PBITA Where onerous contract provisions are material by virtue of their size, they are separately charged within specific items

In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the Consolidated income statement consistent with where the charge for the initial provision was recognised

Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant The provision is calculated based on discounted cash flows to the end of the lease taking into account expected future sub-lease income

3 Significant accounting policies *continued*

(q) Interest

Interest 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. Borrowing costs, also calculated using the effective-interest method, are recognised as an expense in the Consolidated income statement.

(r) Income taxes

Tax is recognised in the Consolidated income statement except to the extent that it relates to items recognised in equity, in which case it is recognised through other comprehensive income. The tax expense represents the sum of current tax and deferred tax, and excludes charges for interest on tax and certain penalties on tax settlements which are reported within finance expenses and administration expenses respectively.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated 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 Group'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 consolidated 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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 tax liabilities and assets on the basis of management judgment following consideration of the available relevant information. Further detail on management's judgments in respect of taxation is provided in note 4.

(s) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. On occasion this classification requires a level of judgment. All other leases are classified as operating leases.

Assets held under finance leases are recognised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated statement of financial position as a finance lease obligation. Lease payments made or received are apportioned between finance charges or income and the reduction of the lease liability or asset so as to produce a constant rate of interest on the outstanding balance of the liability or asset.

Rentals payable or receivable under operating leases are charged or credited to income on a straight-line basis over the lease term, as are incentives to enter into operating leases.

(t) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

(u) Dividend distribution

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders in general meeting.

(v) Adoption of new and revised accounting standards and interpretations

The Group has not early-adopted any standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2017. The directors are currently evaluating the impact of these new standards on the group financial statements.

- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRS 2 amendments – Classification and Measurement of share-based payment transactions
- IFRIC 22 – Foreign currency transactions and advance consideration
- IFRIC 23 – Uncertainty over income tax treatments

IFRS 15 – Revenue from Contracts with Customers

The Group has adopted IFRS 15 – Revenue from Contracts with Customers with effect from 1 January 2018 and will prepare its 2018 Interim Results and Integrated Report and Accounts in accordance with the requirements of this new standard, with full retrospective application restating comparatives where appropriate.

The majority of the services which the Group provides are related to Secure Solutions (including security systems) and Cash Solutions (including hardware and software systems). Following a thorough review of the contractual terms of the contracts under which the Group provides these services, and from an assessment of the basis on which customers are invoiced in relation to work performed on a number of material contracts in each of these business categories, it has been concluded that the Group's right to consideration from the customer corresponds directly with the value to the customer of the Group's performance completed to date. The Group is therefore allowed to recognise revenue in the amount to which it has the right to invoice, and there will be no significant change in revenue recognition in respect of these services. The Group will apply the practical expedient approach allowed by IFRS 15 in such cases whereby revenue is recognised in line with amounts invoiced to customers, based on the value of services performed over the duration of the contract.

Only a residual amount of care and justice services have been identified where the practical expedient approach is not applicable but based on a detailed assessment of the most material of such contracts in relation to IFRS 15 revenue recognition criteria, no material change to current revenue recognition has been identified.

In addition to review and assessment of revenue recognition, the Group has assessed the impact of IFRS 15 criteria for capitalisation of contract-acquisition and contract-fulfilment costs by comparison with its existing accounting policies. Certain changes (such as the cessation of capitalisation of pre-contract costs after attainment of preferred supplier status) are required to those existing policies under IFRS 15, but these changes will likewise have no material impact on the Group's results or Consolidated statement of financial position.

As a result of these reviews, management has concluded that, whilst refinements are required to certain of the Group's existing revenue recognition and contract cost capitalisation policies for compliance with IFRS 15, together with the inclusion of a number of additional disclosures in the Integrated Report and Accounts for 2018 and for subsequent years, there will be no material change to the Group's revenue, Adjusted PBITA, profit before tax or profit for the year, or to its Consolidated statement of financial position, as a consequence of adoption of this new standard.

IFRS 9 – Financial Instruments

The Group has adopted IFRS 9 – Financial Instruments with effect from 1 January 2018, and will prepare its 2018 Interim Results and Integrated Report and Accounts in accordance with the requirements of this new standard, with restated comparatives where appropriate.

The new standard is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and de-recognition of financial assets and liabilities together with a new hedge accounting model.

Management has completed its assessment of the impact of this new accounting standard on its consolidated financial statements, with particular reference to the impact of the expected credit loss model for impairment of financial assets and to the changes in respect of hedge accounting, from which it has been concluded that there will be no material change to the Group's revenue, Adjusted PBITA, profit before tax or profit for the year, or to its Consolidated statement of financial position, as a consequence of adoption of IFRS 9 and there will be no change to the Group's existing hedging strategy.

IFRS 16 – Leases

The Group continues to assess the impact of adopting IFRS 16 – Leases, which will be effective for the Group's financial year ending 31 December 2019.

Additional debt will be recognised in the Consolidated statement of financial position, together with additional property, plant and equipment assets.

The impact on the Consolidated income statement is currently expected to be a small increase in Adjusted PBITA, due to the re-classification of the interest element of operating lease rentals as finance costs.

The impact on Profit before tax will be variable over the term of a lease, as interest is charged at the effective rate on the reducing balance of the liability over the lease term. Over the course of each lease the cumulative impact on pre-tax profit will be neutral.

The impact on the Consolidated statement of cash flows will be an increase in net cash flow from operating activities, equivalent to the increase in Adjusted PBITA, matched by an increase in cash outflow from financing activities due to the re-classification of finance lease interest, with no impact on net cash flow.

4. Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies, which are described in note 3, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Significant judgments

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

During the year, management reassessed the most significant judgments and determined that those relating to revenue recognition were no longer considered to be significant.

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

Compliance with foreign ownership rules and consolidation of subsidiaries

The Group has a diverse set of complex ownership structures, which are sometimes driven by local laws and regulations relating to foreign ownership. In some instances the Group operates through local structures with limited direct share ownership of the business but exercises control through shareholder agreements.

Judgment is required in determining whether certain Group entities qualify for consolidation under IFRS10 – Consolidated Financial Statements, and in some instances professional and legal advice is sought to support these judgments. Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control was successfully challenged.

These judgments have been applied in determining how the Group consolidates businesses with an aggregated revenue of c.£800m, Adjusted PBITA of c.£60m and equity shareholders' funds of c.£200m. The impact on the Group's earnings (after tax) of equity accounting rather than full consolidation would not be material.

Classification of leases

The classification of leases as operating or finance leases is based on the criteria set out in IAS 17 – Leases, which defines a series of attributes which, when contained within a lease, may result in its classification as a finance lease. Judgment is required in assessing leases at inception as to whether individual attributes, in aggregate or in isolation, are such that the substance of the lease is that of a finance lease. Details of the Group's finance leases are disclosed in note 28 and the Group's operating lease commitments are set out in note 38.

Alternative Performance Measures

The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of the normal course of business and more comparable period to period. Adjusted PBITA excludes strategic restructuring costs, amortisation of acquisition-related intangible assets and specific and other separately disclosed items which the Group believes should be disclosed separately by virtue of their size, nature or incidence. Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results. Further details on separately disclosed items are set out in note 8.

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 Group's 2017 consolidated financial statements are set out below.

Onerous contracts

The Group delivers certain long-term services that are complex in nature. Some of these contracts may evolve to become loss-making, such that net unavoidable losses are expected to be incurred over their life.

Where a contract is expected to be loss-making over its remaining term, the net present value of estimated future losses is determined in order to calculate an onerous contract provision. The identification and measurement of such provisions is subject to inherent risk, given the extended time periods often involved and the number of variables which are not all within the Group's control.

In particular, estimation is required in assessing future expected revenue and costs on such contracts, including:

- determining the expected impact of any profit improvement plans where sufficient evidence exists of benefits being delivered by those plans; and
- determining an appropriate discount rate to apply to material future cash flows.

The level of uncertainty in the estimates and assumptions supporting expected future revenues and costs can vary with the complexity of each contract and with the form of service delivery.

For further details of how the Group has applied judgments and estimates to significant onerous contract provisions refer to note 33 on pages 179 to 181.

Carrying value of goodwill

The Group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis for such assets is based principally upon discounted estimated future cash flows from the use and eventual disposal of the assets, requiring assumptions on growth rates and the impact of local economic factors. The full methodology and results of the Group's impairment testing, including an analysis of the sensitivity of goodwill to the key assumptions, are presented in note 18.

Taxation

The Group operates in many tax jurisdictions including countries where the tax legislation is not consistently applied and under some complex contractual circumstances where the responsibility for tax arising is not always clear. Judgments and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other local factors. In certain cases, and where appropriate, a probability weighting is applied in determining the amount provided. In all cases it is assumed that the local tax authorities have, or will be provided with, full information. Therefore the tax liability is not reduced for 'detection risk'. Further details about the range of the potential tax exposure to which the Group is subject are set out in note 13.

The Group has tax losses and other deductible temporary differences, mainly in the UK and USA, that have the potential to reduce tax payments in future years. Deferred tax assets are only recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. The same profit projections are used for these purposes as are used by the business for example in assessing the carrying value of goodwill. Judgment is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Valuation of retirement benefit obligations

The valuation of defined retirement benefit schemes is arrived at using the advice of qualified independent actuaries who use the projected unit credit method for determining the Group's obligations. This methodology requires the use of a variety of assumptions and estimates, including the determination of an appropriate discount rate, the expected return on scheme assets, mortality assumptions, future service and earnings increases of employees and inflation. Full details of the Group's retirement benefit obligations, including an analysis of the sensitivity of the calculations to the key assumptions, are presented in note 32.

Labour laws and commercial agreements

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of such disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is an inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is a risk that further disputes and claims from employees could arise in the future. Where there is a dispute (or where there is a risk of a dispute on claims in the future) and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. For further details of how the Group has applied judgments and estimates to these provisions and, where relevant, an analysis of the sensitivity of the provisions to the key underlying estimates and assumptions, refer to note 33 on pages 179 to 181.

In certain instances it is not possible to determine a reliable estimate or a reasonable range of potential outcomes. For these cases, disclosure of the relevant items as contingent liabilities is provided in note 33.

5 Revenue

An analysis of the Group's revenue as defined by IAS 18 – Revenue, is as follows

	Notes	2017 £m	2016 £m
Continuing operations			
Sale of goods		**281**	311
Rendering of services		**7,344**	7,072
Revenue from construction contracts		**203**	207
Revenue from continuing operations as presented in the Consolidated income statement	6	**7,828**	7,590

6. Operating segments

The Group operates on a worldwide basis and derives a substantial proportion of its revenue and operating profit from each of the following seven geographic regions: Africa, Asia Pacific, Latin America, Middle East & India, Europe, North America and UK & Ireland. For each of these reportable segments, the Group Executive Committee (the chief operating decision maker) reviews internal management reports on a regular basis.

Segment information is presented below:

Revenue by reportable segment	Total gross segment revenue 2017 £m	Inter-segment revenue 2017 £m	External revenue 2017 £m	Total gross segment revenue 2016 £m	Inter-segment revenue 2016 £m	External revenue 2016 £m
Africa	**554**	**(6)**	**548**	502	(1)	501
Asia Pacific	**763**	**(2)**	**761**	717	(3)	714
Latin America	**732**	**–**	**732**	660		660
Middle East & India	**864**	**(12)**	**852**	862	(3)	859
Emerging markets	**2,913**	**(20)**	**2,893**	2,741	(7)	2,734
Europe	**1,491**	**(1)**	**1,490**	1,442	(1)	1,441
North America	**2,034**	**(5)**	**2,029**	1,908	(4)	1,904
UK & Ireland*	**1,419**	**(3)**	**1,416**	1,513	(2)	1,511
Developed markets	**4,944**	**(9)**	**4,935**	4,863	(7)	4,856
Total revenue	**7,857**	**(29)**	**7,828**	7,604	(14)	7,590

*Revenue in the UK, being the Group's country of domicile, was £1,298m (2016: £1,406m).

Revenue by product/service	External revenue 2017 £m	External revenue 2016 £m
Secure Solutions	**6,532**	6,349
Cash Solutions	**1,296**	1,241
Total revenue	**7,828**	7,590

Inter-segment sales are charged at prevailing market prices.

The Group has no transactions (2016: none) with a single external customer that amount to 10% or more of total Group revenue.

6. Operating segments *continued*

Operating profit before corporate costs, by reportable segment	Continuing operations 2017 £m	Discontinued operations 2017 £m	Total 2017 £m	Continuing operations 2016 £m	Discontinued operations 2016 £m	Total 2016 £m
Africa	**39**	–	**39**	35	(1)	34
Asia Pacific	**65**	–	**65**	56	–	56
Latin America	**28**	–	**28**	15	–	15
Middle East & India	**56**	–	**56**	76	–	76
Europe	**109**	–	**109**	95	–	95
North America	**124**	**(6)**	**118**	115	(2)	113
UK & Ireland	**119**	–	**119**	119	–	119
Adjusted PBITA before corporate costs	**540**	**(6)**	**534**	511	(3)	508
Corporate costs	**(49)**	–	**(49)**	(50)	–	(50)
Adjusted PBITA	**491**	**(6)**	**485**	461	(3)	458
Net specific items	**(34)**	–	**(34)**	(13)	–	(13)
Restructuring costs	**(20)**	–	**(20)**	(12)	–	(12)
Net profit on disposal/closure of subsidiaries	**74**	–	**74**	7	–	7
Goodwill impairment	–	–	–	(9)	–	(9)
Amortisation of acquisition-related intangible assets	**(10)**	–	**(10)**	(32)	–	(32)
Operating profit/(loss)	**501**	**(6)**	**495**	402	(3)	399

Refer to note 7 for details on discontinued operations

Non-current assets

The following information is analysed by reportable segment and by the geographical area in which the assets are located

Non-current assets[1]	2017 £m	2016 £m
By reportable segment		
Africa	**105**	118
Asia Pacific	**256**	277
Latin America	**158**	180
Middle East & India	**117**	126
Europe	**410**	466
North America	**496**	577
UK & Ireland*	**862**	877
Total segment non-current assets[1]	**2,404**	2,621
Corporate	**47**	19
Total non-current assets[1]	**2,451**	2,640
Other non-current assets[2]	**424**	460
Less Non-current assets held for sale	**(26)**	(77)
Total non-current assets	**2,849**	3,023

* Non-current assets in the UK, being the Group's country of domicile, amounted to £817m (2016: £825m)

1 Non-current assets comprise goodwill, other acquisition-related intangible assets, non-acquisition-related intangible assets, property, plant and equipment and investments in joint ventures

2 Other non-current assets comprise trade and other receivables, investments, retirement benefit surpluses and deferred tax assets

Other information

By reportable segment	Impairment losses recognised in income 2017 £m	Depreciation and amortisation 2017 £m	Capital additions 2017 £m	Impairment losses recognised in income 2016 £m	Depreciation and amortisation 2016 £m	Capital additions 2016 £m
Africa	–	**14**	**13**	–	13	12
Asia Pacific	–	**12**	**10**	–	13	6
Latin America	–	**11**	**7**	14	15	9
Middle East & India	–	**12**	**6**	–	11	9
Europe	–	**41**	**28**	–	45	33
North America	–	**10**	**12**	–	10	13
UK & Ireland	–	**30**	**22**	9	53	32
Corporate	–	**6**	**10**	–	3	15
Total	–	**136**	**108**	23	163	129

7. Discontinued operations

The loss from discontinued operations of £6m in the current year relates to impairments of trade receivables and costs and charges incurred or expected to be incurred relating to historical disposals of businesses classified as discontinued operations at the time of sale (2016 £3m costs and charges relating to historical disposals) Discontinued operations incurred no tax charge during the year (2016 £nil) None of the Group's businesses currently held for sale or closure meet the criteria to be classified as discontinued operations in the current year (2016 none)

The effect of discontinued operations on segment results is disclosed in note 6

Discontinued operations generated no cash flows for the year ended 31 December 2017 (2016 £9m operating cash outflow)

8 Operating profit

The Consolidated income statement can be analysed as follows

Continuing operations	2017 £m	2016 £m
Revenue	**7,828**	7,590
Cost of sales	**(6,432)**	(6,212)
Gross profit	**1,396**	1,378
Administration expenses	**(904)**	(976)
Goodwill impairment	**–**	(9)
Share of profit after tax from joint ventures	**9**	9
Operating profit	**501**	402

Operating profit includes items that are separately disclosed for the year ended 31 December 2017 relating to

- Net specific items charge of £34m (2016 £13m), of which £19m (2016 £4m) primarily relates to the anticipated total losses over the next 15-20 years in respect of certain UK contracts The net specific item charge also includes £6m relating to the estimated cost of settlement of subcontractor claims from commercial disputes in respect of prior years, and £9m relating mainly to the settlement of labour-related disputes in respect of prior years in North America and Latin America Specific items in 2016 included a £10m charge due to the revision of estimates relating to legacy acquisitions and labour claims in Latin America, £7m relating to commercial restructuring in Middle East & India, and a net £4m supplementary onerous contract provision primarily in respect of the Compass asylum seekers contract, all offset by an £8m credit mainly relating to the recovery of a legal claim in Europe and of certain disputed debtor balances in the UK.
- Costs of £20m (2016 £12m) arising from restructuring activities during the year mainly in the UK & Ireland and Europe regions, as part of the multi-year strategic prodcutivity programme across the Group which is now drawing to a close In addition the Group incurred non-strategic severance costs of £10m (2016 £9m) which are included within cost of sales and administration expenses as appropriate Going forwards the Group has announced a three-year plan to 2020 to implement efficient organisational design and leaner processes, which is likely to require further restructuring investment.
- Amortisation of acquisition-related intangible assets of £10m (2016 £32m) is lower than the prior year as certain intangible assets recognised on a number of legacy acquisitions became fully amortised in 2016, and
- As part of the portfolio programme the Group realised net profit of £74m (2016 £7m) relating to the disposal of a number of the Group's operations including the US Youth Services business, the children's homes business in the UK the cash businesses in Peru and Paraguay, and the Group's businesses in Israel and Bulgaria (see note 17) In 2016, the Group recorded a goodwill impairment charge of £9m in relation to businesses identified for sale or closure

9. Profit from operations

Profit from continuing and discontinued operations has been arrived at after charging/(crediting):

	Notes	Continuing 2017 £m	Discontinued 2017 £m	Total 2017 £m	Continuing 2016 £m	Discontinued 2016 £m	Total 2016 £m
Cost of sales							
Cost of inventories recognised as an expense		**98**	**–**	**98**	112	–	112
Administration expenses							
Amortisation of acquisition-related intangible assets	8	**10**	**–**	**10**	32	–	32
Net specific items	8	**34**	**–**	**34**	13	–	13
Restructuring costs	8	**20**	**–**	**20**	12	–	12
Goodwill impairment	18	**–**	**–**	**–**	9	–	9
Depreciation of property, plant and equipment	19	**104**	**–**	**104**	106	–	106
Amortisation of non-acquisition-related intangible assets	18	**22**	**–**	**22**	25	–	25
Net profit on disposal/closure of subsidiaries/businesses	17	**(74)**	**–**	**(74)**	(7)	–	(7)
Impairment of trade receivables	23	**17**	**4**	**21**	21	–	21
Research and development expenditure		**4**	**–**	**4**	4	–	4
Operating lease rentals payable		**104**	**–**	**104**	98	–	98
Share-based payments	39	**10**	**–**	**10**	13	–	13

10 Auditor's remuneration

	2017 £m	2016 £m
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	1	1
Fees payable to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries*	7	7
All other services**	1	2

* 2017 fees include £1m (2016 £1m) in respect of prior years

** *Other services of £0.7m (2016 £1.9m) relate mainly to other assurance services for £0.5m (2016 £0.8m) which include the half year review*

The Audit Committee Report on pages 85 to 91 outlines the Company's established policy for ensuring that audit independence is not compromised through the provision by the Company's auditor of other services

11. Staff costs and employees

The average monthly number of employees, in continuing and discontinued operations, including executive directors was

By reportable segment	2017 Number	2016 Number
Africa	**125,451**	126,182
Asia Pacific	**58,613**	59,996
Latin America	**71,502**	73,907
Middle East & India	**165,847**	176,330
Europe	**50,066**	53,287
North America	**54,578**	55,522
UK & Ireland	**34,865**	34,293
Head office	**248**	171
Total average number of employees (excluding joint ventures)	**561,170**	579,688
Average number of employees employed by joint ventures	**12,501**	13,209
Total average number of employees (including joint ventures)	**573,671**	592,897

Their aggregate remuneration, in continuing and discontinued operations, comprised

	2017 £m	2016 £m
Wages and salaries	**4,629**	4,533
Social security costs	**501**	479
Employee benefits	**233**	228
Total staff costs (excluding joint ventures)	**5,363**	5,240
Joint venture staff costs	*70*	*64*
Total staff costs (including joint ventures)	**5,433**	5,304

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration report on pages 93 to 115

12. Net finance expense

	2017 £m	2016 £m
Interest and other income on cash, cash equivalents and investments	**12**	15
Interest receivable on loan-note related derivatives	**4**	18
Gain arising from fair value adjustment to the hedged loan note items	**14**	11
Loss arising from change in fair value of derivative financial instruments hedging loan notes	**(14)**	(11)
Finance income	**16**	33
Interest on bank overdrafts and loans	**(18)**	(21)
Interest on loan notes	**(87)**	(97)
Interest on obligations under finance leases	**(3)**	(5)
Other interest charges*	**(12)**	(6)
Total Group borrowing costs	**(120)**	(129)
Finance costs on defined retirement benefit obligations	**(11)**	(10)
Finance expense	**(131)**	(139)
Net finance expense	**(115)**	(106)

* Other interest charges include £2m (2016: £nil) relating to discounts unwound on provisions (see note 33).

13. Tax

	Continuing operations 2017 £m	Discontinued operations 2017 £m	Total 2017 £m	Continuing operations 2016 £m	Discontinued operations 2016 £m	Total 2016 £m
Current tax expense						
Current year	**89**	–	**89**	91	–	91
Adjustments in respect of prior years (note (vii))	**8**	–	**8**	19	–	19
Total current tax expense	**97**	–	**97**	110	–	110
Deferred tax expense/(credit) (see note 34)						
Current year	**42**	–	**42**	6	–	6
Re-assessment of deferred tax recoverability on losses (note (vi))	**(5)**	–	**(5)**	(36)	–	(36)
Adjustments in respect of prior years (note (vii))	**(6)**	–	**(6)**	(4)	–	(4)
Total deferred tax expense/(credit)	**31**	–	**31**	(34)	–	(34)
Total income tax expense for the year	**128**	–	**128**	76	–	76

UK corporation tax is calculated at 19% (2016: 20%) of the estimated assessable profits for the year. Overseas tax is calculated at the corporation tax rates prevailing in the relevant jurisdictions.

13. Tax *continued*

The tax charge for the year can be reconciled to the profit per the Consolidated income statement as follows

	2017 £m	2016 £m
Profit before tax		
Continuing operations	**386**	296
Discontinued operations	**(6)**	(3)
Total profit before tax	**380**	293
Tax at UK corporation tax rate of 19% (2016: 20%)	**74**	59
Items that are not deductible and other additions to taxable profit (note (i))	**20**	25
Goodwill impairments not deductible	**–**	2
Profits on disposal of businesses not taxable or covered by capital losses (note (ii))	**–**	(8)
Losses on disposal of businesses not relieved (note (ii))	**1**	7
Different tax rates of subsidiaries operating in non-UK jurisdictions (note (iii))	**23**	12
Benefit of tax incentives and credits	**(5)**	(5)
Impact of phased reduction in UK rate to 17%	**(2)**	4
Adjustment for joint ventures	**(1)**	(1)
Tax losses not recognised in the current year (note (iv))	**2**	2
Impact of US tax reforms (note (v))	**19**	–
Re-assessment of deferred tax recoverability on losses (note (vi))	**(5)**	(36)
Adjustment in respect of prior years – current and deferred tax (note (vii))	**2**	15
Total income tax charge	**128**	76
Effective tax rate for continuing and discontinued operations	**34%**	26%

The effective tax rate for continuing operations was 33% (2016: 26%).

(i) Items that are not deductible and other additions to taxable profit – £20m (2016: £25m)

This category reflects the tax effect of items which, in management's judgment, are potentially disallowable for the purposes of determining local taxable profits. This includes unrelieved withholding taxes of £8m (2016: £9m) relating to withholding tax deducted on domestic or cross-border payments in excess of the profits tax arising in the recipient company.

(ii) Profits on disposal of businesses not taxable or covered by capital losses – £nil (2016: £(8)m)

This relates to profits arising on the disposal of businesses where any taxable gain arising on the disposal is either exempt from tax under the relevant tax legislation or there are capital losses available to offset against those taxable gains, for which deferred tax assets were not previously recognised. Similarly, losses on disposal of businesses not relieved of £1m (2016: £7m) relates to the disposal of businesses where no deductible loss arises or where there is a low probability that losses will be utilised.

(iii) Different tax rates of subsidiaries operating in non-UK jurisdictions – £23m (2016: £12m)

This relates to the effect of profits of the Group being subject to tax at rates different from the current UK corporation tax rate of 19%.

(iv) Tax losses not recognised in the current year – £2m (2016: £2m)

This relates to current-year losses not recognised as deferred tax assets on the basis that there are insufficient taxable profits available to utilise those losses in the foreseeable future.

(v) Impact of US tax reforms – £19m (2016: £nil)

On 22 December 2017, the US tax legislation known as the Tax Cuts and Jobs Act was signed into law and introduced significant changes in US tax laws taking effect on 1 January 2018. For 2017, the changes in legislation result in a one-off charge to the income statement of £19m which relates to a revaluation of deferred tax asset balances due to the reduction in the US Federal tax rate and the impairment of foreign tax credits which are no longer expected to be utilisable in future periods against foreign source income. On the basis of currently available information and analysis completed since the legislation was enacted, these are likely to be the most significant impacts for the Group. However, as more detailed analysis and future legislative guidance becomes available, it is possible that the Group may be further impacted in the current year and subsequent years by the legislative changes.

(vi) Re-assessment of deferred tax recoverability on losses – £(5)m (2016: £(36)m)

Relates to the recognition of additional deferred tax assets on historical tax losses during the period as a result of improvements in profitability in group forecasts and business plans. Forecasted taxable profits for future years support a marginal increase in the level of deferred tax assets recognised on tax losses compared to the prior year. The increased recognition in 2016 reflected improvements in the taxable profit profile of the relevant Group companies, underpinned by the continuing progress of the Group's transformation strategy to generate future, sustainable profitable growth.

(vii) Adjustment in respect of prior years – current and deferred tax – £2m (2016: £15m)

This relates to a re-assessment of the tax deductibility of expense items and provisions for unresolved tax issues as a result of case law developments and settlements with tax authorities.

Issues relating to taxation

The calculation of the Group's total tax charge involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities, or via a domestic or international dispute resolution process.

The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities in relation to the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. This risk is largely driven by the inherently subjective nature of transfer pricing and the divergent views taken by tax authorities. In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach which considers factors such as the quantum of the charge, the countries party to the transaction and the relevant statutes of limitation.

An assessment is also made of the likelihood that compensating adjustments will be obtained under the relevant tax treaties to mitigate the level of double taxation which could arise. As the Group operates in a significant number of countries, determining the appropriate level of judgment is typically influenced by the Group's evolving experience of tax controversy in different countries. The Group has open tax periods in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions. As at 31 December 2017, the Group had total tax exposures of approximately £146m (2016: £102m) of which £42m (2016: £37m) is provided against. The Group believes that it has made appropriate provision for open tax periods which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Group does not expect material changes to occur to the level of provisions against uncertain tax positions during the next twelve months.

Following the referendum held on 23 June 2016, the UK voted to leave the European Union. The potential tax impacts which could arise as a consequence of the UK withdrawing from the European Union are currently uncertain, but on the basis of current information the Group does not anticipate that significant additional tax liabilities will arise.

The following taxation (charge)/credit has been recognised directly in equity within the Consolidated statement of comprehensive income:

	2017 £m	2016 £m
Tax relating to defined retirement benefit schemes	**(4)**	28
Recognition of tax losses on exchange movements previously recognised within other comprehensive income	**–**	29
Current tax charge for exchange movements recognised within other comprehensive income	**–**	(8)
Change in fair value of net-investment and cash-flow hedging financial instruments	**–**	1
Total tax (charged)/credited to other comprehensive income	**(4)**	50

14. Dividends

	Pence per share	DKK per share	2017 £m	2016 £m
Amounts recognised as distributions to equity holders of the parent in the year				
Final dividend for the year ended 31 December 2015	**5.82**	**0.5615**	**–**	90
Interim dividend for the six months ended 30 June 2016	**3.59**	**0.3143**	**–**	55
Final dividend for the year ended 31 December 2016	**5.82**	**0.5029**	**90**	–
Interim dividend for the six months ended 30 June 2017	**3.59**	**0.2948**	**55**	–
			145	145
Proposed final dividend for the year ended 31 December 2017	**6.11**	**0.5097**	**95**	–

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. If so approved, it will be paid on 15 June 2018 to shareholders who are on the register on 4 May 2018. The Danish kroner exchange rate shown above for the dividend is that at 7 March 2018.

15. Earnings per share attributable to equity shareholders of the parent

	2017 £m	2016 £m
From continuing and discontinued operations		
Profit for the year attributable to equity shareholders of the parent	**236**	198
Weighted-average number of ordinary shares* (m)	**1,548**	1,546
Earnings per share from continuing and discontinued operations (pence)		
Basic and diluted	**15.2p**	12.8p
From continuing operations		
Earnings		
Profit for the year attributable to equity shareholders of the parent	**236**	198
Adjustment to exclude loss for the year from discontinued operations (net of tax)	**6**	3
Profit from continuing operations	**242**	201
Earnings per share from continuing operations (pence)		
Basic and diluted	**15.6p**	13.0p
From discontinued operations		
Loss for the year from discontinued operations (net of tax)	**(6)**	(3)
Loss per share from discontinued operations (pence)		
Basic and diluted	**(0.4)p**	(0.2)p

* Excluding shares held by the Group's Employee Benefit Trust and accounted for as treasury shares (see note 36).

16. Acquisitions

The Group has not made any material acquisitions in the current or prior year. During the year, the Group has invested £16m in the acquisition of non-controlling interests in certain operations, primarily in the Group's Europe region (2016: £2m in the Africa region).

17. Disposals and closures

As part of the Group's portfolio programme, in 2017 the Group sold nine businesses, including the US Youth Services business, the children's homes business in the UK, the cash businesses in Peru and Paraguay, and the Group's businesses in Israel and Bulgaria, realising net cash consideration of £156m. These businesses generated Adjusted PBITA of £8m to the date of disposal (2016 full year £21m). A further four businesses were closed during the year.

In the year ended 31 December 2016 the Group sold 12 businesses, including the Cash Solutions business in Thailand, the businesses in Finland, Brunei and Kazakhstan, and the Utilities Services and ATM engineering businesses in the UK, realising net cash consideration of £82m. A further four businesses were closed during that year and in addition the Group recognised a loss of £16m in relation to a systems business in Latin America which was in the process of being closed down.

The net assets and net profit on disposal/closure of operations disposed of or closed were as follows.

	2017 £m	2016 £m
Goodwill	**52**	9
Other acquisition-related intangible assets	**1**	1
Non-acquisition-related intangible assets	**–**	3
Property, plant and equipment	**13**	18
Other non-current assets	**17**	2
Current assets	**78**	86
Liabilities	**(61)**	(44)
Net assets of operations disposed of/closed	**100**	75
Less recycling from currency translation reserve	**(18)**	–
Net impact on the Consolidated statement of financial position due to disposals	**82**	75
Fair value of retained investment in former joint venture	**(3)**	–
Profit on disposal/closure of subsidiaries/businesses	**74**	7
Total consideration	**153**	82
Satisfied by		
Cash received	**166**	90
Net disposal costs paid	**(10)**	(8)
Net cash consideration received in the year	**156**	82
Deferred consideration receivable	**4**	–
Accrued disposal and other costs	**(7)**	–
Total consideration	**153**	82

18 Intangible assets

2017	Goodwill £m	Acquisition-related intangible assets Trademarks £m	Customer-related £m	Technology £m	Non-acquisition-related intangible assets £m	Total £m
Cost						
At 1 January 2017	**2,157**	**34**	**674**	**9**	**255**	**3,129**
Additions	**–**	**–**	**–**	**–**	**24**	**24**
Disposals	**(2)**	**–**	**–**	**–**	**–**	**(2)**
Write-off of fully amortised intangible assets	**–**	**(32)**	**(599)**	**(9)**	**(17)**	**(657)**
Transferred to held for sale	**(9)**	**–**	**–**	**–**	**(7)**	**(16)**
Re-classifications	**–**	**1**	**–**	**–**	**1**	**2**
Exchange differences	**(66)**	**–**	**(14)**	**–**	**–**	**(80)**
At 31 December 2017	**2,080**	**3**	**61**	**–**	**256**	**2,400**
Accumulated amortisation and impairment losses						
At 1 January 2017	**(167)**	**(32)**	**(658)**	**(9)**	**(169)**	**(1,035)**
Amortisation charge	**–**	**(2)**	**(8)**	**–**	**(22)**	**(32)**
Write-off of fully amortised intangible assets	**–**	**32**	**599**	**9**	**17**	**657**
Transferred to held for sale	**1**	**–**	**–**	**–**	**6**	**7**
Exchange differences	**–**	**–**	**14**	**–**	**–**	**14**
At 31 December 2017	**(166)**	**(2)**	**(53)**	**–**	**(168)**	**(389)**
Carrying amount						
At 1 January 2017	**1,990**	**2**	**16**	**–**	**86**	**2,094**
At 31 December 2017	**1,914**	**1**	**8**	**–**	**88**	**2,011**

2016	Goodwill £m	Trademarks £m	Customer-related £m	Technology £m	Non-acquisition-related intangible assets £m	Total £m
Cost						
At 1 January 2016	1,962	33	643	9	235	2,882
Acquisition of businesses	2	–	–	–	–	2
Additions	–	–	–	–	30	30
Disposals	(1)	–	(6)	–	(28)	(35)
Transferred to held for sale	(49)	–	(23)	–	(3)	(75)
Re-classifications	(2)	–	2	–	–	–
Exchange differences	245	1	58	–	21	325
At 31 December 2016	2,157	34	674	9	255	3,129
Accumulated amortisation and impairment losses						
At 1 January 2016	(134)	(31)	(599)	(8)	(153)	(925)
Amortisation charge	–	–	(31)	(1)	(25)	(57)
Impairment	(9)	–	–	–	–	(9)
Disposals	–	–	3	–	23	26
Transferred to held for sale	–	–	22	–	2	24
Exchange differences	(24)	(1)	(53)	–	(16)	(94)
At 31 December 2016	(167)	(32)	(658)	(9)	(169)	(1,035)
Carrying amount						
At 1 January 2016	1,828	2	44	1	82	1,957
At 31 December 2016	1,990	2	16	–	86	2,094

Goodwill allocation

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) which are expected to benefit from that business combination. A significant portion of the Group's goodwill was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

Goodwill impairment testing

The Group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that any of these assets may be impaired. The Group's annual impairment test compares the carrying value of goodwill and other relevant non-current assets held by each CGU with the recoverable amount of each CGU as at 31 December each year. CGUs for goodwill impairment testing purposes are identified on a country-level basis including significant business units, consistent with the Group's detailed management accounts. Under IAS 36 – Impairment of Assets, an impairment is deemed to have occurred where the recoverable amount of a CGU is less than the carrying value of goodwill and other relevant non-current assets.

The recoverable amount of a CGU is generally determined by its value in use which is derived from discounted cash flow calculations. The key inputs to the calculations are described below. In certain circumstances, where market prices can be ascertained (for example through recent transactions or by reference to normal industry standard multiples), the fair value less costs to sell is used as a basis for the recoverable amount. In the current year the value of goodwill in the Group's Greece CGU was supported by this valuation method.

Forecast cash flows

All operating countries in the Group are required to submit a budget for the next financial year (for the year ending 31 December 2018) and strategic plan forecasts for the two years following the budget year (i.e. for the years ending 31 December 2019 and 31 December 2020).

Estimated future cash flows are based on these plan forecasts for the first three years, with year 4, year 5 and the terminal value projected by applying growth rates as set out in the growth rate section below. Estimated cash flows are discounted using country-specific risk-adjusted discount rates as described in the discount rate section.

Growth rates

The following table demonstrates the application of growth rates to forecast cash flows.

Growth assumptions	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal value
Input	Budget[1]	Strategic plan forecast[1]	Strategic plan forecast[1]	Projected – to achieve midpoint between years 3 and 5	Projected lower of year 3 forecast or country-specific inflation rate[2]	Country-specific long-term inflation rate[2]
Example	8%	7%	6%	4%	2%	2%

1 Budgets and strategic plan forecasts are reviewed by the group board

2 Sourced from IMF website

In this example budgeted year 1 growth rate is 8%, forecast growth in year 2 is 7% and in year 3 is 6%. The long-term country inflation rate is 2% so the year 4 growth rate is calculated to be the midpoint between 6% in year 3 and 2% in year 5, i.e. 4%. The terminal value calculation is then based on the long-term inflation rate of 2%.

18 Intangible assets *continued*

Discount rates

The following key inputs are used to calculate country-specific discount rates for all CGUs

Input	How determined	31 Dec 2017	31 Dec 2016
Risk-free rate (Group)	The Group's risk-free rate is based on the UK government's 20 year gilt / bond rates	1.75% in UK	1.89% in UK
Adjusted risk-free rate (country specific)	Country-specific risk free rates are derived for each CGU by adjusting the Group's risk-free rate for both the relevant inflation rate differential between the UK and that CGU's country and by applying an appropriate country-specific risk premium sourced primarily from the IMF and New York University websites as well as other studies by independent economists	2.3% in UK	2.4% in UK
Unleveraged beta	Beta is a risk adjustment applied to the discount rate to reflect the risk of the Group's operating companies relative to the market as a whole. The Group's beta is estimated by performing an analysis of comparable multi-national listed companies and is adjusted for the appropriate leverage of the Group	0.75 for the Group	0.7 for the Group
Debt margin	The Group applies a Group-wide debt margin to the country-specific risk-free rates to obtain a cost of debt for each CGU. The debt margin is determined by calculating the premium between the yield on a BBB-rated 15+ year UK benchmark bond and the UK risk-free rate	1.3% in UK	1.5% in UK
Weighted-average cost of capital (pre-tax)	The weighted-average cost of capital is calculated by weighting the cost of equity and the cost of debt by the applicable debt to equity ratio at the year end	9.1% in UK	8.1% in UK

The table below sets out the pre-tax discount rates and growth rates used for the countries that represent significant goodwill balances

	Discount rate 2017	Discount rate 2016	**Long-term growth rate* 2017**	Long-term growth rate* 2016	**Goodwill 2017 £m**	Goodwill 2016 £m
Brazil	**15.6%**	19.7%	**4.0%**	4.5%	**77**	86
United States of America	**10.1%**	9.7%	**2.3%**	2.2%	**447**	490
Hong Kong	**9.5%**	7.0%	**3.0%**	3.0%	**46**	51
Malaysia	**10.9%**	11.9%	**3.0%**	3.0%	**38**	37
Estonia	**9.5%**	9.8%	**2.5%**	2.7%	**38**	36
Netherlands	**8.2%**	6.9%	**1.6%**	1.2%	**160**	154
United Kingdom	**9.1%**	8.1%	**2.0%**	2.0%	**696**	696
Other (all allocated)					**412**	440
Total goodwill					**1,914**	1,990

* Lower of long-term country inflation rate per the IMF and implied year 3 business forecast growth rate

Within the UK, the most significant CGUs and their goodwill carrying values are UK Central Government Services (£225m), UK Cash Solutions (£205m) and UK Secure Solutions (£107m). Within the USA, the most significant CGU is US Commercial Security Solutions with goodwill of £405m

Impairment charge in 2016

During the prior year the Group recognised an impairment charge of £9m relating to businesses held for sale or closure as a result of their estimated recoverable amounts being less than the carrying value of their net assets.

Sensitivity to key assumptions

The key assumptions used in the discounted cash flow calculations relate to the discount rates and long-term growth rates used. The table below shows the additional impairment that would arise from an increase in discount rates by 1% and 3% (with all other variables being equal, for example, increasing the UK base rate from 9.1% to 10.1% and 12.1%) or a decrease in long-term growth rates by 1% and 3% (to a minimum of 0% with all other variables being equal, for example, decreasing the UK long-term growth rate from 2.0% to 1.0% and 0.0%) for the Group in total and for each of its countries that represent significant goodwill balances.

			Additional impairment			Additional impairment	
	Goodwill 2017 £m	Base discount rate 2017	1% increase 2017 £m	3% increase 2017 £m	Base growth rate[1] 2017	1% decrease 2017 £m	3% decrease 2017 £m
Brazil[2]	77	15.6%	–	(5)	4.0%	(7)	(18)
United States of America	447	10.1%	–	–	2.3%	–	–
Hong Kong	46	9.5%	–	–	3.0%	–	–
Malaysia	38	10.9%	–	–	3.0%	–	–
Estonia	38	9.5%	–	–	2.5%	–	–
Netherlands	160	8.2%	–	–	1.6%	–	–
United Kingdom[2]	696	9.1%	–	–	2.0%	–	(18)
Other[2] (all allocated)	412		(1)	(4)		(3)	(7)
Total	1,914		(1)	(9)		(10)	(43)

1. Lower of the long-term country growth rate per the IMF and the implied year 3 business forecast growth rate.
2. For the Brazil CGU, for certain CGUs in the United Kingdom (primarily the UK Cash Solutions CGU) and for the Risk Management CGU included within other (with a goodwill balance of £35m) the impairment model indicated a potential impairment when applying sensitivities as presented in the table above. For these CGUs management is satisfied that the carrying value of goodwill is currently supported by fair value less costs to sell and therefore no impairment is required as at 31 December 2017.

19 Property, plant and equipment

2017	Land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 January 2017	255	933	1,188
Additions	11	73	84
Disposals	(15)	(136)	(151)
Transferred to held for sale	(9)	(37)	(46)
Re-classifications	5	(1)	4
Exchange differences	(1)	(18)	(19)
At 31 December 2017	**246**	**814**	**1,060**
Accumulated depreciation and impairment losses			
At 1 January 2017	(109)	(642)	(751)
Depreciation charge	(13)	(91)	(104)
Disposals	13	132	145
Transferred to held for sale	4	28	32
Re-classifications	(5)	1	(4)
Exchange differences	1	16	17
At 31 December 2017	**(109)**	**(556)**	**(665)**
Carrying amount			
At 1 January 2017	146	291	437
At 31 December 2017	**137**	**258**	**395**

2016	Land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 January 2016	232	816	1,048
Additions	12	87	99
Disposals	(5)	(73)	(78)
Transferred to held for sale	(6)	(10)	(16)
Re-classifications	1	(6)	(5)
Exchange differences	21	119	140
At 31 December 2016	255	933	1,188
Accumulated depreciation and impairment losses			
At 1 January 2016	(89)	(532)	(621)
Depreciation charge	(14)	(92)	(106)
Disposals	4	59	63
Transferred to held for sale	2	2	4
Re-classifications	–	5	5
Exchange differences	(12)	(84)	(96)
At 31 December 2016	(109)	(642)	(751)
Carrying amount			
At 1 January 2016	143	284	427
At 31 December 2016	146	291	437

The net book value of equipment and vehicles held under finance leases was £26m (2016 £39m) Accumulated depreciation on these assets was £109m (2016 £126m) and the depreciation charge for the year was £16m (2016 £21m)

The rights over assets held on finance leases are effectively security for lease liabilities These rights revert to the lessor in the event of default

The net book value of equipment and vehicles includes £25m (2016 £23m) of assets leased by the Group to third parties under operating leases Accumulated depreciation on these assets was £28m (2016. £40m) and the depreciation charge for the year was £9m (2016 £7m)

The net book value of land and buildings comprises freeholds of £68m (2016 £71m), long leaseholds of £17m (2016 £20m) and short leaseholds of £52m (2016 £55m)

20. Investment in joint ventures

The following is summarised aggregate financial information for the Group's interest in joint ventures that are not material to the Group, based on the amounts reported in the Group's consolidated financial statements.

	2017 £m	2016 £m
Carrying amount of interests in joint ventures	**20**	19
Group's share of		
Profit from continuing operations	**9**	9
Total comprehensive income	**9**	9

21. Inventories

	2017 £m	2016 £m
Raw materials	**8**	7
Work in progress	**12**	15
Finished goods including consumables	**84**	90
Total inventories	**104**	112

22. Investments

Investments include listed securities of £27m (2016 £31m) held by the Group's wholly-owned captive insurance subsidiaries These securities are stated at fair value based on quoted market prices consistent with Level 1 of the valuation hierarchy Use of these investments is restricted to the settlement of claims against the Group's captive insurance subsidiaries During the year the 2016 comparatives have been re-presented, as explained in Note 3(a)

23. Trade and other receivables

	Notes	2017 £m	2016 £m
Within current assets			
Accrued income		**167**	151
Trade debtors		**1,071**	1,060
Provision for impairment of trade receivables		**(61)**	(65)
Receivables from customers in respect of cash-processing operations	26	**7**	10
Other debtors		**106**	106
Prepayments		**64**	79
Amounts due from construction contract customers	24	**17**	17
Derivative financial instruments at fair value	30	**45**	23
Total trade and other receivables included within current assets		**1,416**	1,381
Within non-current assets			
Derivative financial instruments at fair value	30	**40**	53
Other debtors		**43**	48
Total trade and other receivables included within non-current assets		**83**	101

23. Trade and other receivables *continued*

Credit risk on trade receivables

There is limited concentration of credit risk with respect to trade receivables as the Group's customers are both large in number and dispersed geographically in around 90 countries The Group performs various services to a number of UK Government agencies which, in total comprised approximately 6% of the total trade debtor balance as at 31 December 2017 (2016 8%) The Group considers these individual Government agencies to be separate customers due to the limited economic integration between each agency Management are satisfied that across the G4S Group's total trade debtors as at 31 December 2017 there is no significant concentration risk Group companies are required to follow the Group Finance Manual guidelines with respect to assessing the credit-worthiness of potential customers These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and assessments and obtaining additional security where required

Credit terms vary across the Group and can range from 0 to 90 days to reflect the different risks within each country in which the Group operates There is no group-wide rate of provision, and provision is made for debts according to local conditions and past default experience

The movement in the provision for impairment of trade receivables is as follows

	2017 £m	2016 £m
At 1 January	**(65)**	(53)
Provision for impairment of trade receivables	**(21)**	(21)
Amounts written off during the year	**16**	10
Unused amounts reversed	**6**	6
Exchange differences	**3**	(7)
At 31 December	**(61)**	(65)

The ageing of trade debtors, net of provision for impairment of trade receivables, is as follows

	2017 £m	2016 £m
Accrued income	**167**	151
Not yet due	**754**	769
1-30 days overdue	**143**	125
31-60 days overdue	**45**	41
61-90 days overdue	**21**	22
91-180 days overdue	**26**	22
181-365 days overdue	**13**	11
Over 365 days	**8**	5
Net trade debtors and accrued income	**1,177**	1,146

No additional provision has been made on the above amounts as there has not been a significant change in credit quality and the Group believes that the amounts are still recoverable The Group does not hold any collateral over these balances The proportion of trade debtors at 31 December 2017 that were overdue for payment was 22% (2016 20%) The Group's DSO measure (days' sales outstanding) for continuing operations based on revenue from the last 90 days of the year is 52 days (2016 46 days)

The directors believe that the fair value of trade and other receivables, being the present value of future cash flows, approximates to their book value

24 Construction contracts

	Notes	2017 £m	2016 £m
Amounts due from contract customers included in trade and other receivables	23	**17**	17
Amounts due to contract customers included in trade and other payables	29	**(2)**	(3)
Net balances relating to construction contracts		**15**	14
Contract costs incurred plus recognised profits less recognised losses to date		**173**	198
Less progress billings		**(158)**	(184)
Net balances relating to construction contracts		**15**	14

At 31 December 2017 advances received from customers for contract work amounted to £9m (2016 £14m), and the value of retentions held by customers for contract work amounted to £3m (2016 £5m) All trade and other receivables arising from construction contracts are due for settlement within one year

25. Disposal groups classified as held for sale

As at 31 December 2017, disposal groups classified as held for sale include the assets and liabilities associated with minor operations in the Group's Africa, Asia Pacific, Latin America and Europe regions

As at 31 December 2016, disposal groups classified as held for sale include the assets and liabilities associated with a number of group-wide operations The more material of these operations include G4S Israel, the US Youth Services business and the children's homes business in the UK.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows

	2017 £m	2016 £m
Assets		
Goodwill	**9**	50
Acquisition-related intangible assets	**–**	1
Property, plant and equipment and non-acquisition-related intangible assets	**16**	15
Investments (non-current)	**–**	7
Other non-current assets	**1**	4
Inventories	**2**	4
Trade and other receivables (current)	**17**	62
Cash and cash equivalents	**8**	8
Total assets of disposal groups classified as held for sale	**53**	151
Liabilities		
Bank overdrafts	**–**	(1)
Bank loans	**(2)**	(1)
Trade and other payables	**(12)**	(48)
Retirement benefit obligations	**(3)**	(1)
Deferred tax liability	**(1)**	(1)
Obligations under finance leases	**(1)**	–
Provisions	**–**	(6)
Total liabilities of disposal groups classified as held for sale	**(19)**	(58)
Net assets of disposal groups	**34**	93

26 Cash, cash equivalents and bank overdrafts

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers Certain of those services comprise collection, segregated storage and delivery of customer cash with title to the cash handled remaining with the customer throughout the process Such cash is never recorded in the Group's balance sheet

A number of other cash-processing services are provided to customers such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts Such funds, which are generally settled within two working days, are classified as "funds within cash-processing operations" along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications

Funds within cash-processing operations	2017 £m	2016 £m
Stocks of money included within cash and cash equivalents	**74**	95
Overdraft facilities related to cash-processing operations, included within bank overdrafts	**(19)**	(22)
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(62)**	(83)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**7**	10
Funds within cash-processing operations (net)	**–**	–

26 Cash, cash equivalents and bank overdrafts *continued*

Whilst such cash and bank balances are not formally restricted by legal title, they are restricted by the Group's own internal policies such that they cannot be used for the purposes of the Group's own operations. For the purposes of the Group's Consolidated statement of cash flow, funds within cash-processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions, within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the year per the Consolidated statement of financial position to the corresponding balances included within the Consolidated statement of cash flow is as follows:

	2017 £m	2016 £m
Cash and cash equivalents in the Consolidated statement of financial position	**902**	831
Bank overdrafts in the Consolidated statement of financial position	**(284)**	(93)
Cash, cash equivalents and bank overdrafts included within disposal groups classified as held for sale	**8**	7
Total cash, cash equivalents and bank overdrafts	**626**	745
Add		
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(62)**	(83)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**7**	10
Cash, cash equivalents and bank overdrafts at the end of the year in the Consolidated statement of cash flow	**571**	672

Cash and cash equivalents comprise principally short-term money market deposits, current account balances and Group-owned cash held in ATM machines. At 31 December 2017 cash and cash equivalents earned interest at a weighted-average rate of 0.6% (2016: 0.6%). The credit risk on cash and cash equivalents is limited because wherever possible, and in accordance with Group Treasury policy, the cash is placed with bank counterparties that hold investment grade credit ratings assigned by international credit-rating agencies.

The Consolidated statement of financial position at 31 December 2016 has been re-presented to show the re-classification of certain items within cash and cash equivalents of £20m as tracing investments. As a consequence of this change in presentation, cash and cash equivalents at 31 December 2016 have decreased from £851m to £831m.

Cash and cash equivalents of £71m (2016: £75m) are held by the Group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the Group's captive insurance subsidiaries.

27. Bank overdrafts, bank loans and loan notes

	2017 £m	2016 £m
Bank overdrafts	**284**	93
Bank loans	**13**	20
Loan notes*	**2,141**	2,392
Total bank overdrafts, bank loans and loan notes	**2,438**	2,505
The borrowings are repayable as follows:		
On demand or within one year	**947**	786
In the second year	**466**	659
In the third to fifth years inclusive	**142**	536
After five years	**883**	524
Total bank overdrafts, bank loans and loan notes	**2,438**	2,505
Less: Amount due for settlement within 12 months (shown under current liabilities):		
Bank overdrafts	**(284)**	(93)
Bank loans	**(8)**	(16)
Loan notes	**(655)**	(677)
	(947)	(786)
Amount due for settlement after 12 months (shown under non-current liabilities)	**1,491**	1,719

* Loan notes include £463m (2016: £675m) of private loan notes and £1,678m (2016: £1,717m) of public loan notes.

Analysis of bank overdrafts, bank loans and loan notes by currency is as follows

	Sterling £m	Euros £m	US dollars £m	Others £m	Total £m
Bank overdrafts	**145**	**17**	**86**	**36**	**284**
Bank loans	**–**	**–**	**2**	**11**	**13**
Loan notes	**394**	**1,328**	**419**	**–**	**2,141**
At 31 December 2017	**539**	**1,345**	**507**	**47**	**2,438**
Bank overdrafts	1	10	50	32	93
Bank loans	–	–	6	14	20
Loan notes	395	1,366	631	–	2,392
At 31 December 2016	396	1,376	687	46	2,505

Of the borrowings in currencies other than Sterling, £1,214m (2016: £1,198m) is designated as a net-investment hedge.

The weighted-average interest rates on bank overdrafts, bank loans and loan notes at 31 December 2017, adjusted for hedging, were as follows:

	2017 %	2016 %
Bank overdrafts	**4.3**	3.8
Bank loans*	**–**	–
Private loan notes	**4.8**	4.1
Public loan notes	**3.7**	3.5

* There were no material bank loans in place at either 31 December 2017 or 31 December 2016.

At 31 December 2017, the Group's committed bank borrowings comprised a £1bn multi-currency revolving credit facility with £964m maturing in January 2022 and the remainder in January 2021. At 31 December 2017, this committed facility was undrawn. Interest on all committed bank borrowing facilities is at prevailing LIBOR or EURIBOR rates (with a floor of zero), dependent upon the period of drawdown, plus an agreed margin, and is re-priced within one year or less.

Borrowing at floating rates exposes the Group to cash-flow interest-rate risk. The management of this risk is discussed in note 31.

The Group's main sources of finance and their applicable rates as of 31 December 2017 are set out below:

Debt instrument/ Year of issue	Nominal amount[a]	Issued interest rate	Post-hedging average interest rate	Year of redemption and amounts (£m)[b] 2018	2019	2020	2021	2022	2023	2024	Total
US PP 2008	£44m	7.56%	7.56%	44							**44**
US PP 2007	US$250m	5.96% – 6.06%	2.20%		107			78			**185**
US PP 2008	US$298.5m	6.78% – 6.88%	6.90%	154		55					**209**
Public Bond 2012	€500m	2.63%	2.62%	417							**417**
Public Bond 2009	£350m	7.75%	7.75%		350						**350**
Public Bond 2016	€500m	1.5%	2.24%						448		**448**
Public Bond 2017	€500m	1.5%	3.21%							421	**421**
Revolving Credit Facility 2015	£1bn (multi-currency)	Undrawn	Undrawn								**–**
				615	**457**	**55**	**–**	**78**	**448**	**421**	**2,074**

a. Nominal debt amount. For fair value carrying amount, see note 31.

b. Applying foreign exchange rates at 31 December 2017 or hedged foreign exchange rates where applicable.

27. Bank overdrafts, bank loans and loan notes *continued*

The Group's average cost of gross borrowings in 2017, net of interest hedging, was 4.1% (2016: 4.1%).

In June 2017 the Group issued a €500m Public Bond which matures in June 2024 and pays an annual coupon of 1.5%.

The committed bank facilities and the private loan notes are subject to one financial covenant (based on a net debt to Adjusted EBITDA ratio where Adjusted EBITDA is calculated as Group Adjusted PBITA plus depreciation and amortisation of non-acquisition-related intangible assets) and non-compliance with the covenant may lead to an acceleration of maturity. The Group complied with the financial covenant throughout the year to 31 December 2017 and the year to 31 December 2016. The Group has not defaulted on, or breached the terms of, any material loans during the year.

Bank overdrafts, bank loans, the loan notes issued in July 2008 and May 2009, €380m of the loan notes issued in December 2012, the loan notes issued in November 2016 and €400m of the loan notes issued in June 2017 are stated at amortised cost. The loan notes issued in March 2007, €120m of the loan notes issued in December 2012 and €100m of the loan notes issued in June 2017 are stated at amortised cost but are designated in a fair-value hedge relationship which has a fair-value adjustment in relation to the hedged interest-rate risk.

Cross-currency swaps with a nominal value of US$50m (£37m) relating to the loan notes issued in July 2008 have a fair-value mark-to-market gain of £12m (2016: gain £16m), predominantly resulting from fixing the Sterling value of this portion of the loan notes at an exchange rate of 1.975 and partly from fixing the Sterling and US dollar interest rates.

Cross-currency swaps with a nominal value of €350m (£311m) relating to the loan notes issued in December 2012 have a fair-value mark-to-market gain of £30m (2016: gain £20m), predominantly resulting from fixing the Sterling value of this portion of the loan notes at an exchange rate of 1.233 and partly from fixing the Sterling and Euro interest rates.

Cross-currency swaps with a nominal value of €270m (£240m) relating to the loan notes issued in November 2016 have a fair-value mark-to-market loss of £9m (2016: loss £17m), predominantly resulting from fixing the Sterling value of this portion of the loan notes at an exchange rate of 1.109 and partly from fixing the Sterling and Euro interest rates.

Cross-currency swaps with a nominal value of €400m (£356m) relating to the loan notes issued in June 2017 have a fair-value mark-to-market gain of £12m, predominantly resulting from fixing the Sterling value of this portion of the loan notes at an exchange rate of 1.157 and partly from fixing the Sterling and Euro interest rates.

28. Obligations under finance leases

	Minimum lease payments 2017 £m	Minimum lease payments 2016 £m	Present value of minimum lease payments 2017 £m	Present value of minimum lease payments 2016 £m
Amounts payable under finance leases				
Within one year	**15**	22	**15**	20
In the second to fifth years inclusive	**20**	36	**19**	35
After five years	**1**	2	**1**	2
	36	60	**35**	57
Less: future finance charges on finance leases	**(1)**	(3)		
Present value of lease obligations	**35**	57		
Less: amount due for settlement within 12 months (presented within current liabilities)			**(15)**	(20)
Amount due for settlement after 12 months (presented within non-current liabilities)			**20**	37

The Group leases certain of its fixtures and equipment under finance leases. The weighted-average lease term is six years (2016: six years). For the year ended 31 December 2017, the weighted-average effective borrowing rate was 5.7% (2016: 5.7%). Interest rates are fixed at the related contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

29. Trade and other payables

	Notes	2017 £m	2016 £m
Within current liabilities:			
Trade creditors		**249**	252
Amounts due to construction-contract customers	24	**2**	3
Other taxation and social security costs		**206**	204
Holiday pay and other wage-related accruals		**370**	373
Liabilities to customers in respect of cash-processing operations	26	**62**	83
Other creditors		**62**	61
Other accruals		**240**	203
Deferred income		**64**	76
Derivative financial instruments at fair value	30	**7**	5
Total trade and other payables included within current liabilities		**1,262**	1,260
Within non-current liabilities:			
Derivative financial instruments at fair value	30	**6**	14
Other creditors		**17**	16
Total trade and other payables included within non-current liabilities		**23**	30

Trade and other payables comprise principally amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases for continuing operations is 42 days (2016: 35 days).

30. Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date are presented below:

	Assets 2017 £m	Assets 2016 £m	Liabilities 2017 £m	Liabilities 2016 £m
Cross-currency swaps				
Cash-flow hedges	**54**	48	**9**	17
Net-investment hedges	**16**	–	**2**	–
Interest-rate swaps				
Cash-flow hedges	**–**	–	**–**	1
Fair-value hedges	**15**	27	**1**	–
Not in a hedging relationship	**–**	–	**1**	–
Forward-currency contracts				
Cash-flow hedges	**–**	–	**–**	1
Not in a hedging relationship	**–**	1	**–**	–
	85	76	**13**	19
Less: non-current portion	**(40)**	(53)	**(6)**	(14)
Current portion	**45**	23	**7**	5

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). Market prices are sourced from Bloomberg or third-party relationship counterparty banks. The relevant currency-yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date. This value is compared to the original transaction value giving a fair value of the instrument at the balance sheet date.

Certain financial instruments are not designated or do not qualify for hedge accounting. Changes in fair value of any derivative instruments in this category are immediately recognised in the Consolidated income statement. In 2017 these included certain interest-rate swaps and in 2016 included certain forward-currency contracts used for interest and cash management.

The mark-to-market valuation of the derivatives has improved by £15m during the year, mainly due to an increase in the value of the cross-currency swaps as a result of Sterling's weakness.

Offsetting and enforceable master netting agreements

Financial assets and liabilities are offset and the net amount reported in the Consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There were no material amounts offset in the Consolidated statement of financial position and no material balances associated with enforceable master netting agreements were identified.

30. Derivative financial instruments *continued*

The interest-rate, cross-currency, and forward-currency contracts treated as cash-flow or net-investment hedges have the following maturities

	Assets 2017 £m	Assets 2016 £m	Liabilities 2017 £m	Liabilities 2016 £m
Within one year	**41**	12	**–**	1
In the second year	**–**	36	**–**	–
In the fourth year	**–**	–	**–**	1
In the fifth year or greater	**26**	–	**8**	17
Total carrying value	**67**	48	**8**	19

In the table above, derivatives are presented as either assets or liabilities at the date of maturity

The projected settlement of cash flows (including accrued interest) associated with derivatives treated as cash-flow or net investment hedges is as follows

	Assets 2017 £m	Assets 2016 £m	Liabilities 2017 £m	Liabilities 2016 £m
Within one year	**41**	16	**10**	5
In the second year	**(7)**	35	**3**	4
In the third year	**(7)**	–	**3**	4
In the fourth year	**(7)**	–	**3**	3
In the fifth year or greater	**50**	–	**(5)**	3
Total cash flows	**70**	51	**14**	19

31. Financial risk

Capital management

£964m of the original £1 billion multi-currency revolving credit facility matures in January 2022, with the remainder maturing in January 2021 At 31 December 2017 there were no drawings from the facility

In May 2017, Standard & Poor's affirmed the Group's long-term credit rating of BBB- (negative) The Group will continue to manage its capital structure so that it retains an investment-grade rating

The Group's policy objective is a net debt to Adjusted EBITDA ratio of less than 2.5x. At the end of 2017 the ratio was 2.4x (2016 2.8x)

The next debt maturities are £44m and US$224m of US Private Placement debt maturing in July 2018 and a €500m Public Bond maturing in December 2018 Overall the debt portfolio has a medium to long-term debt maturity profile The Group is currently well placed to access finance from the debt-capital markets and from the bank market if required Borrowings are principally in Sterling, US dollars and Euros reflecting the geographies of the Group's significant operational assets and profits

Liquidity risk

The Group mitigates liquidity risk by ensuring there are sufficient undrawn committed facilities available to it For more details of the Group's bank overdrafts, bank loans and loan notes see note 27

The percentage of the available committed Revolving Credit Facility that was undrawn during the course of the year was as follows

31 December 2016	100%
31 March 2017	86%
30 June 2017	93%
30 September 2017	89%
31 December 2017	100%

To reduce re-financing risk, Group Treasury obtains finance with a range of maturities to minimise the impact of a single material source of finance terminating on a single date

Re-financing risk is further reduced by Group Treasury opening negotiations to either replace or extend any major medium-term facility at least 12 months before its termination date

Maturity profile of loans and borrowings

The contractual maturities of financial assets and liabilities, estimated based on expectations at the reporting date, together with their carrying amounts including interest payments in the Consolidated statement of financial position are shown below subtotalled by category.

31 December 2017	Notes	Carrying amount £m	Fair value £m	Total contractual cash flows £m	Within 1 year £m	2-5 years £m	Over 5 years £m
Investments	22	62	62	62	42	20	–
Derivative financial instruments (interest-rate swaps)		15	15	19	9	10	–
Financial assets designated at fair value through profit or loss		77	77	81	51	30	–
Derivative financial instruments (cross-currency swaps)	30	54	54	54	361+(320)	22+(34)	388+(363)
Financial assets designated as cash-flow hedges		54	54	54	41	(12)	25
Derivative financial instruments (cross-currency swaps)	30	16	16	16	–	34+(49)	361+(330)
Financial assets designated as net-investment hedges		16	16	16	–	(15)	31
Net trade receivables and accrued income		1,177	1,177	1,177	1,177	–	–
*Cash and cash equivalents***	26	828	828	828	828	–	–
Loans and receivables		2,005	2,005	2,005	2,005		
Loan notes (issued March 2007, 5.96%-6.06%, maturing 2019-22)	27	(198)	(193)	(221)	(11)	(210)	–
Derivative financial instruments (interest-rate swaps)	30	(1)	(1)	(1)	–	–	(1)
Financial liabilities designated as fair-value hedges		(199)	(194)	(222)	(11)	(210)	(1)
Derivative financial instruments (cross-currency swaps)	30	(9)	(9)	(10)	9+(15)	15+(28)	256+(247)
Financial liabilities designated as cash-flow hedges		(9)	(9)	(10)	(6)	(13)	9
Derivative financial instruments (cross-currency swaps)	30	(2)	(2)	(4)	9+(13)	–	–
Financial liabilities designated as net-investment hedges		(2)	(2)	(4)	(4)	–	–
Derivative financial instruments (interest-rate swaps)	30	(1)	(1)	(2)	(1)	(1)	–
Financial liabilities designated at fair value through profit or loss		(1)	(1)	(2)	(1)	(1)	–
Loan notes (issued July 2008, 6.78%-7.56%, maturing 2018-20)	27	(265)	(274)	(291)	(228)	(63)	–
Loan notes (issued May 2009, 7.75%, maturing 2019)	27	(350)	(380)	(404)	(27)	(377)	–
Loan notes (issued December 2012, 2.625%, maturing 2018)*	27	(445)	(456)	(456)	(456)	–	–
Loan notes (issued November 2016, 1.5% maturing 2023)	27	(443)	(456)	(484)	(7)	(27)	(450)
Loan notes (issued June 2017, 1.5% maturing 2024)*	27	(440)	(450)	(491)	(7)	(27)	(457)
Bank loans	27	(13)	(13)	(13)	(8)	(5)	
Bank overdrafts**	27	(265)	(265)	(265)	(265)	–	–
Finance lease liabilities	28	(35)	(35)	(35)	(15)	(19)	(1)
Trade creditors	29	(249)	(249)	(249)	(249)	–	–
Financial liabilities measured at amortised cost		(2,505)	(2,578)	(2,688)	(1,262)	(518)	(908)

* €120m (£107m) of December 2012 loan notes and €100m (£89m) of June 2017 loan notes are held in fair-value hedge relationships.

** Excluding cash and overdraft balances in respect of cash-processing operations (see note 26).

Note: In the table above, certain values are presented gross, to show both the asset and the liability.

31 Financial risk *continued*

31 December 2016	Notes	Carrying amount £m	Fair value £m	Total contractual cash flows £m	Within 1 year £m	2-5 years £m	Over 5 years £m
Investments	22	64	64	64	52	12	–
Derivative financial instruments (interest-rate swaps)	30	27	27	49	30	18	1
Derivative financial instruments (forward-currency contracts)	30	1	1	1	175+(174)	–	–
Financial assets designated at fair value through profit or loss		92	92	114	83	30	1
Derivative financial instruments (cross-currency swaps)	30	48	48	51	296+(280)	355+(320)	–
Financial assets designated as cash-flow hedges		48	48	51	16	35	–
Net trade receivables and accrued income	23	1,146	1,146	1,146	1,146	–	–
Cash and cash equivalents**	26	736	736	736	736	–	–
Loans and receivables		1,882	1,882	1,882	1,882	–	–
Loan notes (issued May 2009, 7.75%, maturing 2019)	27	(351)	(398)	(431)	(27)	(404)	–
Loan notes (issued March 2007, 5.86%-6.06%, maturing 2017-22)	27	(389)	(381)	(420)	(184)	(148)	(88)
Financial liabilities designated as fair-value hedges		(740)	(779)	(851)	(211)	(552)	(88)
Derivative financial instruments (cross-currency swaps)	30	(17)	(17)	(17)	1+(5)	14+(27)	254+(254)
Derivative financial instruments (interest-rate swaps)	30	(1)	(1)	(1)	–	(1)	–
Derivative financial instruments (forward-currency contracts)	30	(1)	(1)	(1)	34+(35)	–	–
Financial liabilities designated as cash-flow hedges		(19)	(19)	(19)	(5)	(14)	–
Loan notes (issued July 2008, 6.78%-7.56%, maturing 2018-20)*	27	(286)	(306)	(334)	(20)	(314)	–
Loan notes (issued May 2012, 2.875%, maturing 2017)*	27	(513)	(518)	(527)	(527)	–	–
Loan notes (issued December 2012, 2.625%, maturing 2018)*	27	(428)	(446)	(450)	(11)	(439)	–
Loan notes (issued November 2016, 1.5%, maturing 2023)	27	(425)	(429)	(459)	(6)	(26)	(427)
Bank loans	27	(20)	(20)	(20)	(16)	(4)	–
Bank overdrafts**	27	(71)	(71)	(71)	(71)	–	–
Finance lease liabilities	28	(57)	(57)	(57)	(20)	(37)	–
Trade creditors	29	(252)	(252)	(252)	(252)	–	–
Financial liabilities measured at amortised cost		(2,052)	(2,099)	(2,170)	(923)	(820)	(427)

* £44m of July 2008 loan notes, €90m (£66m) of May 2012 loan notes and €120m (£89m) of December 2012 loan notes were held in fair-value hedge relationships.

** Excluding cash and overdraft balances in respect of cash-processing operations (see note 26).

Note: In the table above, certain values are presented gross to show both the asset and the liability.

The gross cash flows disclosed in the tables above represent the contractual undiscounted cash flows relating to derivative financial assets and liabilities held for risk management purposes and which are usually not closed out before contractual maturity. The disclosure shows the net cash-flow amount for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement – e.g. forward-currency contracts.

Market risk

Currency risk and forward-currency contracts

The Group conducts business in many currencies. Transaction risk is limited since, wherever possible, each business operates and conducts its financing activities in local currency. However, the Group presents its consolidated financial statements in Sterling and it is in consequence subject to foreign-exchange risk due to the translation of the results and net assets of its foreign subsidiaries.

Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/Adjusted EBITDA ratio by holding foreign currency denominated loans, cross-currency swaps and to a lesser extent forward-currency contracts. The Group has hedged a substantial proportion of its exposure to fluctuations in the translation into Sterling of its overseas net assets through these instruments.

Translation adjustments arising on the translation of foreign currency loans and on changes in the fair value of cross-currency swaps meeting hedge accounting criteria are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges with no residual impact to equity.

At 31 December 2017, the Group's US dollar and Euro net assets were approximately 91% and 90% respectively hedged by foreign currency loans and the cross-currency swaps designated as net-investment hedges (2016: US dollar 80%, Euro 93%).

Cross-currency swaps with a nominal value of $449m (£332m) were arranged and designated as net-investment hedges.

Cross-currency swaps with a nominal value of £25m are in place hedging the foreign currency risk on US$50m of the second US Private Placement notes issued in July 2008, effectively fixing the Sterling value of this portion of debt at an exchange rate of 1.9750.

Cross-currency swaps with a nominal value of £284m are in place hedging the foreign currency risk on €350m of the Euro public notes issued in December 2012, effectively fixing the Sterling value of this portion of debt at an exchange rate of 1.2332.

Cross-currency swaps with a nominal value of £244m are in place hedging the foreign currency risk on €270m of the Euro public notes issued in November 2016, effectively fixing the Sterling value of this portion of debt at an exchange rate of 1.1088.

Cross-currency swaps with a nominal value of £346m were arranged to hedge the foreign currency risk on €400m of the Euro public notes issued in June 2017, effectively fixing the Sterling value of this portion of debt at an exchange rate of 1.1570.

Applying the relative movements in US dollar and Euro foreign exchange rates against Sterling in 2017 compared with 2016 to carrying values at 31 December 2017, the fair value net gain on the cross-currency swaps which hedge part of the currency loan notes would have increased by £33m with a direct impact on the Consolidated income statement. This would be offset by an equal and opposite revaluation to the underlying bonds. Any of the underlying bonds not in a cash-flow hedge are in a net investment hedge relationship so that ultimately the impact on the Consolidated income statement is nil.

Interest-rate risk and interest-rate swaps

Much of the Group's debt is issued at fixed rate, but to the extent there is borrowing at floating rates as described in note 27, the Group is exposed to cash-flow interest-rate risk, which the Group manages within policy limits approved by the directors. Interest-rate swaps and, to a limited extent, forward-rate agreements are utilised to fix the interest rate on a proportion of borrowings on a reducing scale over forward periods up to a maximum of five years. At 31 December 2017 there were no such contracts in place (2016: £60m).

The US Private Placement market is predominantly a fixed-rate market with investors preferring a fixed-rate return over the life of the loan notes. At the time of the first issue in March 2007, the Group was comfortable with the proportion of floating rate exposure not hedged by interest-rate swaps and therefore rather than take on a higher proportion of fixed-rate debt arranged fixed to floating swaps effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is LIBOR + 60bps. These swaps have been documented as fair-value hedges of the US Private Placement fixed interest loan notes, with the movements in their fair value recognised in the Consolidated income statement at the same time as the movement in the fair value of the hedged item.

The interest on the US Private Placement notes issued in July 2008, the Sterling public notes issued in May 2009, €510m of the Euro public notes issued in May 2012, €380m of the Euro public notes issued in December 2012, the Euro public notes issued in November 2016 and €400m of the public notes issued in June 2017 was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008 and on all the Sterling public notes issued in May 2009 was swapped from fixed to floating for a period of three years using derivatives and therefore matured in 2017.

All four public notes have a coupon step-up of 1.25% which is triggered should the credit rating of G4S plc fall below investment grade.

The core Group borrowings are held in US dollars, Euros and Sterling. Although the impact of rising interest rates is largely shielded by fixed-rate loans and interest-rate swaps which provide certainty on the vast majority of the exposure, some interest-rate risk remains.

A 1% increase in interest rates across the yield curve in each of these currencies, with the 31 December 2017 debt position constant throughout 2018, would result in an expectation of an additional interest charge of £6m in the 2018 financial year.

Commodity risk and commodity swaps

The Group's principal commodity risk relates to the fluctuating level of diesel prices, particularly affecting its Cash Solutions businesses. Commodity swaps and commodity options are on occasions used to fix synthetically part of the exposure and reduce the associated cost volatility. The hedging programme is under evaluation and as a consequence there was no commodity hedging in place at 31 December 2017.

31. Financial risk *continued*

Counterparty credit risk

The Group's strategy for credit-risk management is to set minimum credit ratings for counterparties and to monitor these on a regular basis.

For treasury-related transactions, the Group's policy limits the aggregate credit risk assigned to a counterparty. The utilisation of a credit limit is calculated by applying a weighting to the notional value of each transaction outstanding with each counterparty based on the type and duration of the transaction. The total mark-to-market value outstanding with each counterparty is also closely monitored against policy limits assigned to each counterparty. For short-term transactions (under one year), at inception of the transaction, the financial counterparty must be investment-grade rated by either the Standard & Poor's or Moody's rating agencies. For long-term transactions, at inception of the transaction, unless otherwise approved, the financial counterparty must have a minimum rating of BBB+/Baa1 from Standard & Poor's or Moody's.

Treasury transactions are dealt with through the Group's relationship banks, all of which have a strong investment grade rating. At 31 December 2017 the largest two counterparty exposures related to treasury transactions were £48m and £29m and both were held with institutions with a long-term Standard & Poor's credit rating of A. These exposures represent 29% and 18% of the carrying values of the treasury transactions, with a fair value gain at the balance sheet date. Both of these banks had significant loan commitments outstanding to G4S plc at 31 December 2017.

The Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank. At year end, credit balances of £271m were pooled with debit balances of £260m, resulting in a net pool credit balance of £11m. There exists a legal right of set-off under the pooling agreement and an overdraft facility of £3m. In accordance with IFRS Interpretations Committee (IC) requirements, the cash and overdraft pool balances are presented gross in the Consolidated statement of financial position.

At an operating level the minimum investment-grade rating criteria applies. Exceptionally, where required by local country circumstances, counterparties with no rating or a non-investment grade rating can be approved as counterparties for a period of up to 12 months. Due to the Group's global geographical footprint and exposure to multiple industries, there is minimal concentration risk.

32. Retirement benefit obligations

The Group operates a wide range of retirement benefit arrangements which are established in accordance with local conditions and practices within the countries concerned. These include funded defined contribution, multi-employer and funded and unfunded defined benefit schemes.

Defined contribution arrangements

The majority of the retirement benefit arrangements operated by the Group are of a defined contribution structure, where the employer contribution and resulting income statement charge is fixed at a set level or is a set percentage of employees' pay. Contributions made to defined contribution schemes in 2017 and charged to the Consolidated income statement totalled £67m (2016: £77m).

In the UK, following the closure of the defined benefit schemes to new entrants in 2004, the main scheme for new employees is a contracted-in defined contribution scheme.

Multi-employer arrangement

In the Netherlands, most employees are members of the Security Industry Wide Pension Fund (IWPF). This is a career-average defined benefit plan. Pensionable salary is subject to a cap, and minus an offset that reflects social security levels. Withdrawal from the scheme is only possible under certain strict conditions determined by Dutch law and by the pension fund board of the IWPF.

The plan is funded by a premium that is set by the IWPF board in line with the financing rules that state that the premium should cover the cost of the annual accrual of pension benefits. As of 1 January 2018 the premium is 35.3% and historically has been around 30% of pensionable salaries. The employer pays 60% of this premium and the employees the remaining 40%.

The financing rules specify that an employer is not obliged to pay any further premiums in respect of previously accrued benefits. This means that in case of insufficient funding, the benefits of participants could, in theory, be reduced. The current solvency ratio is 104.2% (December 2017). The required solvency ratio according to Dutch law is 124.2% (as at 31 December 2017). Should a surplus appear within the scheme the board will decide if a reduction in premium is possible although this would only be possible at much higher solvency levels.

Premiums paid to the scheme by the Group and charged to the Consolidated income statement in 2017 totalled £11m (2016: £10m). The estimated premium expected to be paid to the scheme during the financial year commencing 1 January 2018 in respect of the on-going accrual of benefits is approximately £12m.

The scheme is not accounted for as a defined benefit scheme under IAS 19 – Employee Benefits as it is not possible to identify the Group's share of the scheme's assets and liabilities. As a result, and in line with general practice for such schemes, the scheme is accounted for as if it were a defined contribution scheme under IAS 19.

The Netherlands Cash Solutions Pension Plan ("the Cash Solutions scheme") is a separate scheme operated by the Group but is required to provide benefits at least equivalent to the IWPF, and in particular pension increases in payment and deferment, as well as revaluation of active members' rights in the Cash Solutions scheme, have to follow the multi-employer scheme (which applies a conditional approach).

Defined benefit arrangements

The Group operates several funded defined retirement benefit schemes where the benefits are based on employees' length of service. Whilst the Group's primary scheme is in the UK, it also operates the Cash Solutions scheme in the Netherlands and other less material plans elsewhere. Under funded arrangements, the assets of defined benefit schemes are held in separate trustee-administered funds or similar structures in the countries concerned.

Consolidated income statement

The amounts recognised in the Consolidated income statement in relation to the material funded schemes are included within the following categories:

	2017 £m	2016 £m
Cost of sales	**4**	4
Administration expenses	**2**	2
Net finance costs	**8**	7
Total for material funded defined benefit schemes	**14**	13

There are also various less material unfunded arrangements, for which the Group does not hold related assets separate from the Group. In aggregate, other unfunded arrangements incurred £10m (2016: £8m) of costs within cost of sales and finance costs of £3m (2016: £3m).

Consolidated statement of comprehensive income

Re-measurements of the net defined benefit obligation are recognised in full in the Consolidated statement of comprehensive income in the year in which they arise. These comprise the impact on the net defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plan assets above the amount included in the net pension interest expense. During the year the Group recognised a total net re-measurement gain of £26m (2016: loss of £169m) within other comprehensive income (OCI) comprising a re-measurement gain of £29m (2016: loss of £164m) relating to material funded defined benefit schemes offset by a re-measurement loss of £3m (2016: loss of £5m) relating to unfunded or other funded defined benefit schemes.

Consolidated statement of financial position

The Group's net defined benefit deficit recognised in the Consolidated statement of financial position at 31 December 2017 was £381m (2016: £437m), or £318m (2016: £368m) net of applicable tax in the relevant jurisdictions.

The defined benefit obligations (DBO) and assets for defined benefit schemes are as follows:

2017	DBO £m	Assets £m	(Deficit)/surplus £m
UK sections:			
Securicor	**(1,911)**	**1,658**	**(253)**
Group 4	**(414)**	**337**	**(77)**
GSL	**(270)**	**350**	**80**
Total UK	**(2,595)**	**2,345**	**(250)**
Netherlands	**(96)**	**63**	**(33)**
Total for material funded defined benefit schemes	**(2,691)**	**2,408**	**(283)**
Total provision for unfunded and other funded defined benefit schemes			**(98)**
Total net provision for all defined benefit schemes			**(381)**

2016	DBO £m	Assets £m	(Deficit)/surplus £m
UK sections:			
Securicor	(1,957)	1,655	(302)
Group 4	(430)	337	(93)
GSL	(272)	347	75
Total UK	(2,659)	2,339	(320)
Netherlands	(81)	60	(21)
Total for material funded defined benefit schemes	(2,740)	2,399	(341)
Total provision for unfunded and other funded defined benefit schemes			(96)
Total net provision for all defined benefit schemes			(437)

32. Retirement benefit obligations *continued*

UK defined benefit scheme

The defined benefit scheme in the UK accounts for 88% (2016: 94%) of the net balance sheet liability for material funded defined retirement benefit schemes. It comprises three sections: the Group 4 section which is the pension scheme demerged from the former Group 4 Falck A/S, the Securicor section, for which the Group assumed responsibility on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, for which the 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 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.

As at the latest actuarial funding valuation the participants of the UK pension scheme sections can be analysed as follows:

At 5 April 2015	Group 4 section	GSL section	Securicor section	**Total**
Active participants				
• Number	–	607	–	**607**
• Average age	N/A	49.0	N/A	**49.0**
Deferred participants				
• Number	3,653	1,236	8,535	**13,424**
• Average age	52.0	51.0	53.0	**52.5**
Pensioner participants				
• Number	3,346	883	9,551	**13,780**
• Average age	71.0	65.0	69.0	**69.2**

There is a mix of fixed and inflation-dependent pension increases (in payment and deferment) which vary from member to member according to their membership history and the section of the scheme.

The discounted weighted-average duration of the accrued liabilities of the sections is as follows:

	2017	2016
Group 4	**17**	17
GSL	**19**	20
Securicor	**18**	18

The scheme is set up under UK law and governed by a Trustee company which is responsible for the scheme's investments, administration and management. The Board of the Trustee company comprises an independent chairman and further independent, Group and scheme membership representatives.

The current schedule of deficit recovery contributions provides for a contribution of approximately £41m during 2018. In addition the Company has pledged a share of any material disposal proceeds to the pension scheme (to be shared in the same proportion as the pension scheme deficit bears to overall group indebtedness) and has agreed that additional contributions would be made in the event that the average annual dividend payment to ordinary shareholders over the three financial years 2016, 2017 and 2018 exceeds a certain threshold or in the event that the Company makes a significant special dividend payment (or equivalent capital return), to its ordinary shareholders over the same period.

A funding valuation is carried out for the scheme's Trustee every three years by an independent firm of actuaries. Depending on the outcome of that valuation a schedule of future contributions is negotiated, the Group has guaranteed any contributions due from its subsidiaries.

Under the terms of the existing agreement with the pension trustees, deficit payments are due to increase by 3% per annum until the next funding valuation in 2018 when they will be subject to review and potential renegotiation.

The Group has concluded that it should allow for a refund of any residual surplus in all three sections of the UK Scheme assuming wind-up after all benefits have been paid in the normal course of events. Therefore no adjustments for asset ceiling or additional liabilities under the IFRIC 14 interpretation are made. At present the GSL section has a surplus and the other two sections have deficits. The IASB is proposing to amend IFRIC 14 and the Group will assess if there are any implications once the final form of the revised interpretation is clarified.

Principal risks

The Group's pension schemes create a number of risk exposures. Annual increases in benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

A key risk is that additional contributions are required if the investment returns fall short of those anticipated when setting the contributions to the pension plans. For the UK funding valuation those assumed investment returns (for funding valuations) are set based on fixed margins over the LIBOR swap curve. The management of the UK pension fund assets has been delegated to an asset manager, who manages the assets against a liability benchmark. The key parameters of this mandate can be summarised as follows:

Risk	Description	Mitigation
Asset mix	The plan assets may fall in value	The assets are managed dynamically over time rather than a set strategic allocation
Interest rate risk	The plan assets may fall in value as a result of a fall in interest rates	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives
Inflation risk	The plan assets may fall in value as a result of rise in inflation	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives
Currency risk	Any plan assets held in foreign currencies are exposed to changes in foreign currency exchange rates	Managed with the objective of hedging at least 70% of the overseas currency exposure in the portfolio through the use of forward foreign currency contracts
Regulatory risk	All pension schemes are regulated by the relevant jurisdictions. These include extensive legislation and regulatory mechanisms that are subject to change and may impact the Group's pension schemes	G4S monitors changes in regulations in the UK and the Netherlands to assess the potential impact these changes could have on the Group's material pension schemes
Actuarial assumptions risk	Actuarial assumptions made on a range of demographic and financial matters that are used to project the expected benefit payments including future inflation, salary growth and life expectancy. The DBO and service cost are also very sensitive to the IAS 19 discount rate, which determines the discounted value of the projected benefit payments. The discount rate depends on market yields on high-quality corporate bonds	The UK pension trustees have adopted investment strategies to mitigate changes in key assumptions applied to the valuation of pension liabilities for funding purposes. These strategies mainly hedge against interest rate and inflation expectations generally, as described above but do not specifically seek to hedge against changes in credit spreads that also affect the IAS 19 discount rate. As a result the difference between the market value of the assets and the valuation of the pension obligations under IAS 19 may be volatile

Financial assumptions and sensitivity analysis

The weighted averages for each of the principal assumptions used for the purposes of the actuarial valuations were as follows:

	UK	Netherlands
Key assumptions used at 31 December 2017		
Discount rate	**2.55%**	**2.0%**
Expected rate of salary increases	**3.3%**	**N/A**
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	**3.1%**	**1.2%**
Inflation	**3.2%**	**1.8%**
Key assumptions used at 31 December 2016		
Discount rate	2.5%	2.0%
Expected rate of salary increases	3.4%	N/A
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	3.1%	0.8%
Inflation	3.3%	1.9%

* RPI with a limit of 5% p.a. is the most common level of increase in the UK arrangements. Assumptions for other increases are derived from the above inflation assumption for RPI, and an annual CPI assumption of 2.2% (2016: 2.3%) as appropriate.

IAS 19 specifies that pension liabilities should be discounted at appropriate high quality corporate bond rates. The Group considers that it is appropriate to consider AA-rated corporate bonds as high quality and has therefore used discount rates based on yields on such bonds corresponding to the liability profile of the respective schemes. In 2017 the Group has refined its approach to exclude certain university and government-backed bonds that the Group does not consider to be corporate bonds for the purposes of IAS 19.

The effect of a movement in the discount rate applicable in the UK alters reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table overleaf.

32. Retirement benefit obligations *continued*

Sensitivity analysis	Increase/(decrease) in the DBO of the UK scheme 2017 £m	Increase/(decrease) in the DBO of the UK scheme 2016 £m
Discount rate assumption being 0.5% higher	**(220)**	(221)
Discount rate assumption being 0.5% lower	**242**	243

The effect of a movement in RPI inflation applicable in the UK alters reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below.

Sensitivity analysis	Increase/(decrease) in the DBO of the UK scheme 2017 £m	Increase/(decrease) in the DBO of the UK scheme 2016 £m
Inflation assumption being 0.5% higher	**90**	92
Inflation assumption being 0.5% lower	**(95)**	(85)

The above sensitivities allow for inflation-dependent assumptions such as salary growth and relevant pension increases to vary corresponding to the inflation assumption variation. Due to the caps and floors on pension increases a certain movement in the inflation assumption will not generally result in the same movement in the pension increase assumption.

Demographic assumptions and sensitivity analysis

In addition to the above, the Group uses appropriate mortality assumptions when calculating the schemes' obligations. The mortality tables used for the scheme in the UK are: Birth year table S2P[M/F]A Base with future improvements in line with CMI_2015 Core projections, based on a long-term improvement rate of 1.25% p.a. and allowing for individual scaling factors based on the mortality analysis carried out as part of the last funding valuation.

The resulting assumed life expectancy of a male member of the UK schemes currently aged 65 is 21 years. The assumed life expectancy at 65 of a male currently aged 52 is 22 years. At those ages, the assumed life expectancy for a female member is between two and three years longer than for a male member.

The effect of a one-year change in this UK life expectancy assumption is to alter reported liabilities (before associated deferred tax adjustments) by approximately £123m (2016: £137m).

The selection of these movements to illustrate the sensitivity of the DBO to key assumptions should not be interpreted as the Group expressing any specific view of the probability of such movements happening.

Analysis of amounts recognised in the Group's Consolidated statement of financial position

The amounts recognised in the Group's Consolidated statement of financial position in respect of the material funded defined benefit schemes, and in the various components of income, OCI and cash flow are as follows

2017	DBO £m	Assets £m	Provision £m
Amounts recognised in the Consolidated statement of financial position at the beginning of the year	**(2,740)**	**2,399**	**(341)**
Amounts recognised in income:			
Current service cost	(4)	–	(4)
Interest on obligations and assets	(67)	59	(8)
Administration costs paid from plan assets	(2)	–	(2)
Total amounts recognised in the Consolidated income statement	**(73)**	**59**	**(14)**
Re-measurements:			
Actuarial gain – change in financial assumptions	22	–	22
Actuarial loss – change in demographic assumptions	(3)	–	(3)
Actuarial gain – experience	16	–	16
Return on assets in excess of interest	–	(6)	(6)
Re-measurement effects recognised in the Consolidated statement of comprehensive income*	**35**	**(6)**	**29**
Cash:			
Employer contributions	–	43	43
Benefits paid from plan assets	91	(91)	–
Net cash	**91**	**(48)**	**43**
Other:			
Impact of exchange rates	(4)	4	–
Amounts recognised in the Consolidated statement of financial position at the end of the year	**(2,691)**	**2,408**	**(283)**

* Total re-measurements recognised in OCI of £26m are shown net of re-measurement losses relating to other unfunded schemes of £3m

32. Retirement benefit obligations *continued*

2016	DBO £m	Assets £m	Provision £m
Amounts recognised in the Consolidated statement of financial position at the beginning of the year	(2,281)	2,076	(205)
Amounts recognised in income			
Current service cost	(4)	–	(4)
Interest on obligations and assets	(85)	78	(7)
Administration costs paid from plan assets	(2)	–	(2)
Total amounts recognised in the Consolidated income statement	(91)	78	(13)
Re-measurements			
Actuarial loss – change in financial assumptions	(545)	–	(545)
Actuarial gain – change in demographic assumptions	81	–	81
Actuarial gain – experience	23	–	23
Return on assets in excess of interest	–	277	277
Re-measurement effects recognised in the Consolidated statement of comprehensive income*	(441)	277	(164)
Cash			
Employer contributions	–	43	43
Benefits paid from plan assets	83	(83)	–
Net cash	83	(40)	43
Other			
Impact of exchange rates	(10)	8	(2)
Amounts recognised in the Consolidated statement of financial position at the end of the year	(2,740)	2,399	(341)

* Total re-measurements recognised in OCI in 2016 of £169m are shown net of re-measurements relating to other unfunded schemes of £5m.

Employer contributions in 2017 included £40m (2016: £39m) of additional contributions in respect of the deficit in the UK schemes.

Analysis of scheme assets

The composition of the scheme assets at the reporting date is as follows:

2017	UK £m	Netherlands £m	Total £m
Equity	**552**	**10**	**562**
Government bonds	**72**	**39**	**111**
Other	**1,721**	**14**	**1,735**
Total	**2,345**	**63**	**2,408**

2016	UK £m	Netherlands £m	Total £m
Equity	747	11	758
Government bonds	237	39	276
Other	1,355	10	1,365
Total	2,339	60	2,399

A more granular approximate split of assets of the UK scheme at 31 December 2017 is as follows

	2017 £m	2016 £m
Equity	**409**	628
Private equity	**143**	119
Government bonds	**72**	237
Credit	**83**	51
Property	**83**	71
Macro-orientated	**243**	339
Multi-strategy	**202**	217
Derivatives	**382**	412
Cash and cash equivalents	**728**	265
Total UK assets	**2,345**	2,339

Multi-strategy assets are held in a pooled fund structure, which is a multi-asset fund investing across all asset classes

Within the UK pension fund, the Equity, Credit, Macro-orientated and Multi-strategy sub-categories consist of pooled vehicles investing predominantly in assets with quoted prices in active markets All government bonds are issued by the UK government and have quoted prices in active markets *Other UK investments are predominantly unquoted*

Derivatives include a range of interest-rate and inflation-linked swaps, forward-currency contracts, equity-index total return swaps, equity options, and futures Investing in interest-rate and inflation-linked swaps is designed to mitigate the impact of future changes in interest rates and inflation

None of the pension scheme assets are held in the Group's own financial instruments or in any assets held or used by the Group

The fair value of directly-held securities (equities and bonds) is taken as the closing price on an actively-traded market Fair value of holdings in pooled funds is provided by the investment manager, who calculates the price based on the aggregate value of the underlying assets held by the fund (based on closing prices of the securities on an actively-traded market) and the number of units issued

33. Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts £m	Property and other £m	Total £m
At 1 January 2017	19	5	96	69	59	248
Additional provision in the year	4	20	58	19	22	123
Utilisation of provision	(3)	(20)	(43)	(22)	(26)	(114)
Re-classifications	1	–	(1)	(4)	2	(2)
Unused amounts reversed	–	(1)	(2)	–	(3)	(6)
Unwinding of discounts	–	–	2	–	–	2
Exchange differences	(1)	–	(6)	–	(2)	(9)
At 31 December 2017	20	4	104	62	52	242

Included in current liabilities	**104**
Included in non-current liabilities	**138**
	242

Judgment is required in quantifying the Group's provisions particularly in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different to the amount provided Each of these provisions reflects the Group's best estimate of the probable exposure at 31 December 2017 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions The Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months

Employee benefits

The provision for employee benefits is in respect of any employee benefits which accrue over the working lives of the employees typically including items such as long service awards and termination indemnity schemes

The Group's net obligation in respect of long-term service benefits other than retirement benefits represents the present value of the future benefit that employees have earned at the balance sheet date, less the fair value of scheme assets out of which the obligations are to be settled directly

33. Provisions and contingent liabilities *continued*

Restructuring

Restructuring provisions include amounts for redundancy payments, and the costs of closure of activities in acquired businesses and discontinued operations. Settlement of restructuring provisions is highly probable. The timing is uncertain but is generally likely to be short-term. During the year the Group incurred restructuring costs of £20m (2016: £12m) within specific items relating to the multi-year strategic productivity programme across the Group. In addition, the Group incurred non-strategic reorganisation costs of £10m (2016: £9m) which are included within Adjusted PBITA.

Claims

Claims provisions represent any outstanding litigation claims against the Group that are considered likely to lead to the outflow of funds in the future, including provisions within the captive insurance companies to cover (where appropriate) anticipated claims incurred as at the balance sheet date, based on actuarial assessments to calculate the liabilities.

These claims reserves are held by the Group's wholly-owned captive insurance subsidiaries in Guernsey and the US which underwrite part of the Group's Cash Solutions general liability, workers' compensation and auto liability policies. In the year the Group provided £36m (2016: £20m) in relation to claims made under these policies which comprise a significant number of unrelated claims, most of which are individually immaterial. Claims provisions are subject to regular actuarial review and are adjusted as appropriate. Settlement of these provisions is highly probable but both the value of the final settlements and their timing is uncertain, dependent upon the outcome of on-going processes to determine both liability and quantum in respect of a wide range of claims or possible claims.

During the year the Group also recognised additional provisions of £9m mainly relating to the settlement of labour-related disputes in North and Latin America in respect of prior years, and £6m relating to the estimated cost of settlement of subcontractor claims from commercial disputes in respect of prior years. Both of these amounts have been presented within specific items in the Consolidated income statement.

Onerous customer contracts

The Group recognised as specific items additional onerous contract provisions of £19m (2016: £4m) relating primarily to the anticipated total losses over the next 15 to 20 years in respect of certain UK contracts. It is expected that around 60% of the Group's total provision for onerous contracts will be utilised by the end of 2020, mainly as the Compass contract comes to an end in August 2019. Given the short period remaining to the finalisation of this contract, any potential future changes to key assumptions made when estimating its future losses are not expected to have a significant impact. The additional expected losses of £19m are mainly related to two other PFI contracts where there has been an expected increase in costs to deliver the required maintenance regime. The expected additional future losses are expected to be partially offset by profit improvement plans, although these are reflected only to the extent that they have been implemented and are delivering the expected savings. A number of profit improvement plans that have been designed but which have not yet been embedded successfully in the contract delivery were not considered when estimating future expected losses. This is consistent with the Group's policy which requires evidence that profit improvement plans will be successfully implemented before they are reflected in anticipated future cash flow projections for onerous contract provisioning purposes. There is no single change in key variables that could materially affect future expected losses on these contracts. Furthermore, management believes that the current level of provision is balanced and that any significant potential downside from possible changes to key assumptions could be offset by further progress made in those profit improvement plans that have not been considered following the Group's policy described above. The discount rates applied when calculating onerous contract provisions for these contracts were between 1.4% and 1.7%.

Property and other

Included within property and other provisions are future liabilities for long-term idle leased properties, for properties sub-let at a shortfall, for the cost of replacing or reinstalling assets where there is a present contractual requirement, and for customer claims on contracts that are related to the performance on a contract but do not form part of onerous customer contract provisions. Whilst the likelihood of settlement of these obligations is considered probable, there is uncertainty over their value and duration.

Included in property and other provisions are contract-related provisions of £35m (2016: £43m) and onerous property lease provisions of £17m (2016: £16m).

Contingent liabilities

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is risk that further disputes and claims from employees could arise in the future. Where there is a dispute or where there is a risk of a dispute or claims in the future and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

In this regard, the Group is party to a number of on-going litigation processes in relation to interpretation of local labour law and regulations in a number of countries, and where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Group.

The investigation opened by the Serious Fraud Office in 2013 in respect of the Group's Electronic Monitoring contract remains on-going The Group continues to co-operate fully with the investigation but, based on currently available information, is unable to make a reliable estimate of the outcome of that review

34. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the year

	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2017	**69**	**110**	**93**	**272**
Charge to the income statement	**(2)**	**(18)**	**(11)**	**(31)**
Disposal of subsidiaries	–	–	**(1)**	**(1)**
Charge to equity	**(4)**	–	–	**(4)**
Exchange differences	–	–	**(5)**	**(5)**
At 31 December 2017	**63**	**92**	**76**	**231**
At 1 January 2016	45	51	82	178
Credit/(charge) to the income statement	–	35	(1)	34
Acquisition of subsidiaries	–	–	(2)	(2)
Credit to equity	23	22	–	45
Exchange differences	–	2	14	16
Transfers and re-classifications	1	–	–	1
At 31 December 2016	69	110	93	272

Certain deferred tax assets and liabilities have been offset where permitted The following is the analysis of the deferred tax balances (after offset)

	2017 £m	2016 £m
Deferred tax liabilities	**(8)**	(14)
Deferred tax assets	**240**	285
Net deferred tax (liability)/asset included in assets of disposal groups classified as held for sale	**(1)**	1
Net deferred tax assets	**231**	272

At 31 December 2017, the Group had unutilised tax losses of approximately £780m (2016 £842m) potentially available for offset against future profits A deferred tax asset of £92m (2016 £110m) has been recognised in respect of approximately £508m (2016 £529m) of gross losses based on profitability from approved budgets and business plans

No deferred tax asset has been recognised in respect of the remaining £272m (2016 £313m) of gross losses due to the unpredictability and availability of future profit streams in the relevant jurisdictions, and the fact that a significant proportion of such losses remains unaudited by the relevant tax authorities In certain cases, there are continuing structural issues which prevent the utilisation of losses within the foreseeable future Losses which will never be utilised, for example due to the operation of statute are not included in the above figures

Approximately £54m (2016 £80m) of the gross unrecognised losses relate to the UK group Utilisation of such losses is dependent upon the profitability of particular trading and corporate entities The financial projections used in assessing the future profitability are consistent with those used in assessing the carrying value of goodwill as set out in note 18 The utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities, which consequently impacts their recognition as deferred tax assets

Included in unrecognised tax losses are gross losses of £27m (2016 £40m) which will expire between 2018 and 2026 Other losses may be carried forward indefinitely

At 31 December 2017, the Group has capital losses available to carry forward of approximately £2 6bn (2016 £0 25bn) The in-year increase is mainly related to liquidation of dormant holding companies crystallising tax losses These losses have no expiry date and have not been agreed with the relevant tax authorities No deferred tax assets have been recognised in respect of these losses on the basis that the likelihood of their future utilisation is considered to be remote

At 31 December 2017, the aggregate amount of undistributed earnings of non-UK subsidiaries and joint ventures on which temporary differences may exist was £1 416m (2016 £1 646m) A deferred tax liability of £2m (2016 £3m) has been recognised on undistributed earnings, based on expected distributions from such subsidiaries and joint ventures

Other temporary differences vary by country and include items relating to the local tax treatment of fixed assets, employee benefits and provisions

35. Share capital

G4S plc	2017 £	2016 £
Issued and fully paid ordinary shares of 25p each	**387,898,609**	387,898,609

Ordinary shares in issue	2017 Number	2016 Number
At 1 January	**1,551,594,436**	1,551,594,436
At 31 December	**1,551,594,436**	1,551,594,436

36. Other reserves

	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Reserve for own shares £m	Total other reserves £m
At 1 January 2017	–	**43**	**426**	**(13)**	**456**
Total comprehensive loss attributable to equity shareholders of the parent	–	**(69)**	–	–	**(69)**
Recycling of net investment hedge	–	**24**	–	–	**24**
Recycling of cumulative translation adjustments	–	**(42)**	–	–	**(42)**
Own shares awarded	–	–	–	**11**	**11**
Own shares purchased	–	–	–	**(10)**	**(10)**
At 31 December 2017	–	**(44)**	**426**	**(12)**	**370**
At 1 January 2016	3	(210)	426	(18)	201
Total comprehensive (loss)/income attributable to equity shareholders of the parent	(3)	253	–	–	250
Own shares awarded	–	–	–	5	5
At 31 December 2016	–	43	426	(13)	456

Other reserves include

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash-flow hedging instruments related to the hedged transactions that have not yet occurred (net of tax). During the year a fair value gain of £21m (2016: £69m) was recognised in the hedging reserve relating to the increase in fair value of the cash-flow hedging instruments. Out of this gain, £21m (2016: £73m) relating to the re-translation of those hedging instruments was transferred from the hedging reserve to the Consolidated income statement. This was offset by an equal and opposite revaluation to the hedged loan note items so that the net impact on the Consolidated income statement was nil.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax). During the year £42m (2016: £nil) of cumulative translation adjustments and £24m (2016: £nil) of cumulative net investment hedging amounts relating to business disposals were recycled to the Consolidated income statement (see note 17).

Merger reserve

The merger reserve comprises reserves arising upon the merger between the former Group 4 Falck A/S and the former Group 4 Securitas BV in 2000 and the acquisition of Securicor plc by the Group in 2004. In accordance with Section 612 of the Companies Act 2006 the £308m premium on ordinary shares issued in the Group's 9.99% share placement in August 2013 was initially recorded in the merger reserve and has subsequently been transferred to retained earnings.

Reserve for own shares

An Employee Benefit Trust established by the Group held 4,362,068 shares at 31 December 2017 (2016: 4,844,243 shares) to satisfy the vesting of awards under the performance share plan and performance-related schemes (see note 39). During the year 3,489,049 shares (2016: no shares) were purchased by the trust, and 3,971,224 shares (2016: 1,475,901 shares) were used to satisfy the vesting of awards under the schemes. At 31 December 2017, the cost of shares held by the trust was £12,330,829 (2016: £12,896,107), whilst the market value of these shares was £11,646,722 (2016: £11,383,971). Shares held by the trust are treated as treasury shares, are deducted from equity, do not receive dividends and are excluded from the calculations of earnings per share.

Distributable reserves

As at 31 December 2017 the parent company of the Group had distributable reserves of £885m (2016: £918m).

37. Analysis of net debt

A reconciliation of net debt to amounts in the Consolidated statement of financial position is presented below

	2017 £m	2016 £m
Cash and cash equivalents[a]	**902**	831
Receivables from customers in respect of cash-processing operations[b]	**7**	10
Net cash and overdrafts included within assets of disposal groups held for sale	**8**	7
Bank overdrafts	**(284)**	(93)
Liabilities to customers in respect of cash-processing operations[c]	**(62)**	(83)
Total group cash, cash equivalents and bank overdrafts	**571**	672
Investments	**62**	64
Net debt (excluding cash and overdrafts) included within assets of disposal groups held for sale	**(3)**	6
Bank loans	**(13)**	(20)
Loan notes	**(2,141)**	(2,392)
Obligations under finance leases	**(35)**	(57)
Fair value of loan note derivative financial instruments	**72**	57
Net debt	**(1,487)**	(1,670)

a The 2016 comparatives for cash and cash equivalents and investments have been re-presented - see note 3(a)
b Included within trade and other receivables
c Included within trade and other payables

An analysis of movements in net debt in the year is presented below

	2017 £m	2016 £m
(Decrease)/increase in cash, cash equivalents and bank overdrafts per Consolidated statement of cash flow	**(87)**	197
Sale of investments	**(3)**	(6)
Net decrease in borrowings	**235**	11
Repayment of finance leases	**23**	22
Decrease in net debt resulting from cash flows	**168**	224
New finance leases	**(3)**	(7)
Net debt (excluding cash, cash equivalents and bank overdrafts) in disposed entities	**(3)**	5
Net decrease in net debt before foreign exchange movements	**162**	222
Exchange differences	**21**	(110)
Net debt at the beginning of the year	**(1,670)**	(1,782)
Net debt at the end of the year	**(1,487)**	(1,670)

38. Operating lease arrangements

The Group as lessee

As at 31 December 2017, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows

	2017 £m	2016 Restated[a] £m
Within one year	**99**	113
In the second to fifth years inclusive	**246**	288
After five years	**125**	124
Total operating lease commitments	**470**	525

The Group leases a number of its office properties, vehicles and other operating equipment under operating leases Property leases are negotiated over an average term of around ten years, at rates reflective of market rentals Periodic rent reviews take place to bring lease rentals into line with prevailing market conditions *Some, but not all, lease agreements have an option to renew the lease at the end of* the lease term Leased vehicles and other operating equipment are negotiated over an average lease term of four years

a As a consequence of the detailed work carried out to date to assess the impact of IFRS16 Leases effective 1 January 2019 it has been determined that the operating lease commitments reported at 31 December 2016 were understated The ageing analysis previously reported was £104m payable within one year £272m payable within two to five years and £110m payable after more than five years

39. Share-based payments

Long Term Incentive Plan (LTIP)

Shares allocated under the Group's LTIP are subject to performance conditions and forfeitures, as detailed in the Directors' Remuneration report on page 93.

Under the Group's LTIP, Relative Total Shareholder Return (a market performance condition) constitutes 30% (2016: 30%) of the performance criteria and is measured over three financial years. The Relative Total Shareholder Return is measured against a comparator group of selected relevant companies. 25% of this element of the award vests upon the Group's Total Shareholder Return being ranked median against the comparator group. The fair value of the shares awarded which is subject to this market performance condition has therefore been reduced by 75%.

Deferred Bonus Share Plan (DBSP) and Restricted Share Plan (RSP)

Shares allocated under the Group's DBSP and RSP are not subject to further financial performance conditions, but in both cases, are subject to forfeitures, either in part or in full, subject to continued employment, unless a participant is deemed a good leaver by the Remuneration Committee. Share awards under the RSP were granted in 2016 for the first time.

Share-based payment plans information

All three share plans have a three-year vesting period from their dates of grant.

The following table shows the movements in the number of shares held under the share-based payment plans outstanding but not exercisable:

	DBSP and RSP 2017 Number	LTIP 2017 Number	Total 2017 Number	DBSP and RSP 2016 Number	LTIP 2016 Number	Total 2016 Number
Outstanding at 1 January	**1,518,118**	**20,587,152**	**22,105,270**	858,866	17,210,721	18,069,587
Granted during the year	**1,620,857**	**6,085,959**	**7,706,816**	1,017,512	10,431,311	11,448,823
Exercised during the year	**(183,563)**	**(4,745,747)**	**(4,929,310)**	(358,260)	(1,424,577)	(1,782,837)
Forfeited during the year	**(43,086)**	**(5,188,807)**	**(5,231,893)**	–	(2,104,420)	(2,104,420)
Expired during the year	**–**	**(1,439,326)**	**(1,439,326)**	–	(3,525,883)	(3,525,883)
Outstanding at 31 December	**2,912,326**	**15,299,231**	**18,211,557**	1,518,118	20,587,152	22,105,270

The weighted-average remaining contractual life of conditional share allocations outstanding at 31 December 2017 was 15 months (2016: 17 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was 283.1p (2016: 185.2p) and the contractual life of all conditional allocations was three years. The weighted-average share price at the date of exercise for the shares exercised during the year was 279.0p (2016: 196.3p).

The Consolidated income statement is charged with an estimate for the vesting of shares awarded conditionally and subject to non-market performance conditions. The charge for 2017 was £10m (2016: £13m), out of which £9m (2016: £10m) arose from equity-settled share-based payments. The total carrying amount for the liabilities arising from share-based payment transactions as at 31 December 2017 was £6m (31 December 2016: £6m).

40. Related party transactions

Transactions and balances with joint ventures

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties are entered into in the normal course of business.

Transactions with joint ventures included revenue recorded of £56m (2016: £49m) and purchases recorded of £6m (2016: £nil). Amounts due from related parties include £5m (2016: £8m) from joint ventures. Amounts due to related parties include £2m (2016: £nil) to joint ventures.

No expense (2016: £nil) has been recognised in the year for impairment in respect of amounts owed by related parties.

The Group has a legal interest in a number of joint ventures and joint arrangements, where the economic interest was divested by the Global Solutions Group prior to its acquisition by G4S plc in 2008. Transactions with these entities during the year comprised:

	2017 Services/sales to £m	2016 Services/sales to £m
White Horse Education Partnership Limited	**3**	3
Integrated Accommodation Services plc	**46**	54
Fazakerley Prison Services Limited	**39**	34
Onley Prison Services Limited	**17**	16
UK Court Services (Manchester) Limited	**2**	2
East London Lift Company Limited	**1**	1
Total	**108**	110

The Group had outstanding balances of £11m due from these entities at 31 December 2017 (2016: £12m).

Transactions with post-employment benefit schemes

Details of transactions with the Group's post-employment benefit schemes are provided in note 32. Unpaid contributions owed to schemes amounted to £0.3m at 31 December 2017 (31 December 2016: £0.5m).

Transactions with other related parties

In the normal course of the Group's business the Group provides services to and receives services from certain non-controlling interests on an arm's-length basis.

Remuneration of key management personnel

The Group's key management personnel are deemed to be the non-executive directors and those individuals, including the executive directors, whose remuneration is determined by the Remuneration Committee. Their remuneration is set out below. Further information about the remuneration of individual directors included within key management personnel is provided in the audited part of the Directors' Remuneration report on pages 93 to 115.

	2017 £	2016 £
Short-term employee benefits	**11,112,484**	11,463,651
Post-employment benefits	**121,781**	74,390
Other long-term benefits	**27,833**	28,728
Termination benefits	**–**	305,159
Share-based payment	**7,349,358**	6,417,657
Total	**18,611,456**	18,289,585

41. Events after the balance sheet date

No significant post-balance sheet events have affected the Group since 31 December 2017.

42. Significant investments

The companies listed below are those which were part of the Group at 31 December 2017 and which, in the opinion of the directors, significantly affected the Group's results and net assets during the year. A comprehensive list of all Group undertakings is disclosed on pages 187 to 200.

The principal activities of the companies listed below are indicated according to the following key:

Secure Solutions	S
Cash Solutions	*C*

These businesses operate principally in the country in which they are incorporated.

	Product segment	Country of incorporation	Ultimate ownership
Subsidiary undertakings			
G4S Soluciones de Seguridad S.A.	S	Argentina	100%
G4S Custodial Services Pty Limited	S	Australia	100%
G4S Secure Solutions AG (Austria)	S	Austria	100%
G4S Secure Solutions SA/NV	S	Belgium	100%
G4S Cash Solutions (Belgium) NV	C	Belgium	100%
G4S Interativa Service Ltda	S	Brazil	100%
Vanguarda Segurança e Vigilância Ltda	S	*Brazil*	*100%*
G4S Secure Solutions (Canada) Limited	S	Canada	100%
G4S Secure Solutions Colombia S.A.	S+C	Colombia	100%
G4S Security Services A/S	S	Denmark	100%
G4S Care and Justice Services (UK) Limited	S	England	100%
G4S Cash Centres (UK) Limited	C	England	100%
G4S Cash Solutions (UK) Limited	C	England	100%
G4S Facilities Management (UK) Limited	S	England	100%
G4S Risk Management Limited	S	England	100%
G4S Secure Solutions (UK) Limited	S	England	100%
AS G4S Baltics	S+C	Estonia	100%
G4S Keszpenzlogisztikai Kft	C	Hungary	100%
G4S Secure Solutions (India) Pvt. Limited[1,3]	S	India	49%
G4S Kenya Limited	S+C	Kenya	100%
G4S Security Solutions S.A.R.L.	S+C	Luxembourg	100%
Safeguards G4S Sdn Bhd[2,3]	S+C	Malaysia	49%
G4S Cash Solutions BV	C	Netherlands	100%
G4S Security Services BV	S	Netherlands	100%
G4S Peru S.A.C.	S	Peru	100%
Al Majal Service Master LLC[3]	S	Saudi Arabia	49%
Mohammed Bin Abdoud Al Amoudi Co for Civilian Security Services Partnership (Almajal)[3]	S+C	Saudi Arabia	0%
G4S Cash Solutions (SA) (Pty) Limited	C	South Africa	75%
G4S Secure Solutions (SA) (Pty) Limited[3]	S	South Africa	72%
G4S Security Services (Thailand) Limited	S	Thailand	98%
G4S Secure Solutions LLC[3]	S+C	United Arab Emirates	49%
G4S Retail Solutions (USA) Inc	C	USA	100%
G4S Secure Solutions (USA) Inc	S	USA	100%
G4S Technology LLC	S	USA	100%

1. G4S Secure Solutions (India) Pvt. Limited has a year end of 31 March.
2. Safeguards G4S Sdn Bhd has a year end of 30 June.
3. By virtue of shareholder agreements, options, pre-emption rights and other contractual arrangements the Group has the power to govern the financial and operating policies so as to obtain the benefits from the activities of these companies. These are therefore consolidated as full subsidiaries.

43. Details of related undertakings of G4S plc

Subsidiaries

Entities listed below are subsidiaries at 31 December 2017, by reason of the holding of a majority of the voting rights or, if a majority is not held, by virtue of section 1162 (2) (c) of the Companies Act 2006. Not all of the companies listed below are trading entities.

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S ALGERIE EURL	Algeria	100.0%		Lotissement Benhedadi Said N 3 Dar Diaf Cheraga 16050, Algeria
SECURICOR GRAY SECURITY SERVICES (ANGOLA) (PTY) LTD	Angola	100.0%		Byls Bridge Office Park Building 11 13 Candela Street, Highveld Ext 73 0157 Centurion South Africa
G4S SERVICOS DE SEGURANCA (ANGOLA) LIMITADA	Angola	65.0%		Rua direita da Samba No 58 Corimba Samba Luanda, Angola
G4S SOLUCIONES DE SEGURIDAD S.A.	Argentina	100%		Timoteo Gordillo 5697 5611 C1439 GKA Buenos Aires, Argentina
G4S SERVICIOS DE SEGURIDAD S.A.	Argentina	75.1%		Timoteo Gordillo 5697 5611 C1439 GKA Buenos Aires, Argentina
INDOMEGA S.A.	Argentina	99.9%		Peru 338 San Fernando del Valle de Catamarca K4700AKJ Catamarca Argentina
MANAR S.A.	Argentina	100%		Peru 338 San Fernando del Valle de Catamarca K4700AKJ Catamarca Argentina
PROTECCION E INVERSIONES S.A.	Argentina	80.0%		Timoteo Gordillo 5697 5611 C1439 GKA Buenos Aires Argentina
G4S SOLUCIONES GLOBALES S.A.	Argentina	75.0%		Jose Demaria 4470 (C1425AIB) Buenos Aires Argentina
G4S APPLIED SECURITY S.A.	Argentina	75.0%		Timoteo Gordillo 5697 5611 C1439 GKA Buenos Aires, Argentina
G4S CONTROL SYSTEMS S.A.	Argentina	85.8%		Timoteo Gordillo 5697 5611 C1439 GKA Buenos Aires Argentina
G4S DETCON S.A.	Argentina	75.0%		Lavalle 1528 3° 'E' (C1048AAI) Ciudad Autonoma de Buenos Aires Argentina
ORCANI PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne 3004 Victoria Australia
G4S INTERNATIONAL LOGISTICS (AUSTRALIA) PTY LTD	Australia	100.0%		c/o HLB Mann Judd Level 19 207b Kent Street, 2000 Sydney, Australia
G4S COMPLIANCE & INVESTIGATIONS PTY LTD	Australia	100.0%		P.O. Box 7332 (Level 3 182-184 Bourke Road) NSW 2015 Alexandria, Australia
G4S AUSTRALIA PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne 3004 Victoria Australia
G4S HEALTH SERVICES AUSTRALIA PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne 3004 Victoria Australia
G4S CUSTODIAL SERVICES PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne 3004 Victoria Australia
G4S AUSTRALIA HOLDINGS PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne 3004 Victoria Australia
G4S INTEGRATED SERVICES PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne 3004 Victoria, Australia
G4S CORRECTIONAL SERVICES (AUSTRALIA) PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road Melbourne, 3004 Victoria Australia
G4S SECURE SOLUTIONS AG (AUSTRIA)	Austria	100.0%		Dresdner Strasse 91/1 A-1200 Vienna Austria
G4S SECURITY SYSTEMS GMBH	Austria	100.0%		Peilsteinerstr 5-7 A-5020 Salzburg, Austria
G4S DIENSTLEISTUNGS GMBH	Austria	100.0%		Dresdner Strasse 91/1 A-1200 Vienna Austria
G4S SECURE SOLUTIONS BAHRAIN WLL	Bahrain	34.3%		Villa 925 Road 3830 Manama, Qudaybiyah 338, P.O. Box 15193 Adliya, Bahrain
G4S REGIONAL CONSULTANCY SERVICES (NAMESA) WLL	Bahrain	100.0%		2235 West Tower BFH Manama Bahrain
G4S SECURE SOLUTIONS BANGLADESH (P) LTD	Bangladesh	100.0%		House # KA 79, Joar Sahara Dhaka 1212 Dhaka Bangladesh
FIRST SELECT BANGLADESH LIMITED	Bangladesh	40.0%		Apartment 10/A, Rupsha Tower 7 Kemal Ataturk Avenue Banani, Dhaka, Bangladesh
G4S SECURE SOLUTIONS (BARBADOS) LTD	Barbados	51.0%		Brighton, Spring Garden St Michael Barbados
G4S CASH SOLUTIONS (BELGIUM) SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels Belgium
G4S SUPPORT SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURE SOLUTIONS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S CARGO SOLUTIONS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S TRAINING & CONSULTANCY SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S AVIATION SECURITY SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURE MONITORING SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURITY SYSTEMS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels Belgium
G4S CARE SA/NV	Belgium	50.4%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels Belgium
G4S EVENT SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S EVENT SECURITY SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels Belgium
G4S FIRE AND SAFETY BVBA	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S BELGIUM NOMINEE NV	Belgium	100.0%	100%	Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels Belgium
G4S SAFETY SYSTEMS NV	Belgium	100.0%		Abtsdreef 10, 2940 Stabroek Belgium
ASC SAFETY SERVICES BVBA	Belgium	100.0%		Abtsdreef 10 2940 Stabroek Belgium
G4S BOLIVIA S.A.	Bolivia	99.9%		Marcelo terceros Banzer S/N 3er Anillo Ext Equipetrol Frente Hotel Casa Blanca Santa Cruz, Bolivia

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S (BOTSWANA) LTD	Botswana	70.0%		C/o Grant Thornton Business Services (Pty) Ltd, Acumen Park, Plot 50370, Fairgrounds Gaborone Botswana
FIDELITY CASH MANAGEMENT SERVICES (BOTSWANA) PTY LTD	Botswana	100.0%		C/o Grant Thornton Business Services (Pty) Ltd, Acumen Park, Plot 50370, Fairgrounds Gaborone Botswana
G4S FACILITIES MANAGEMENT BOTSWANA (PTY) LTD	Botswana	48.9%		Plot 50370 Fairgrounds Office Park Gaborone Botswana
G4S BRAZIL HOLDING LTDA	Brazil	100.0%		Rua Rui Barbosa 70 2° andar 01326-010 São Paulo Brazil
G4S MONITORAMENTO E SISTEMAS LTDA	Brazil	100.0%		Rua Rui Barbosa 70 3° andar, Bela Vista, São Paulo Brazil
G4S SERVIÇOS LTDA	Brazil	100.0%		Rua Maria Jose 69, Bela Vista 01324-010 São Paulo Brazil
G4S ENGENHARIA E SISTEMAS LTDA	Brazil	100.0%		Rua Rui Barbosa 191 1° andar 01326-010 São Paulo Brazil
G4S INTERATIVA SERVICE LTDA	Brazil	100.0%		Rua Santa Rosa, 911, Bairro Santa Paula Sao Caetano do Sul Sao Paulo Brazil
G4S VANGUARDA SEGURANÇA E VIGILÂNCIA LTDA	Brazil	100.0%		Rua Rui Barbosa 70-A, 01326-010 Sao Paulo Brazil
EMPRESA NACIONAL DE SEGURANCA LTDA	Brazil	100.0%		Rua Maria Jose 133 Bela Vista 01324-010 São Paulo Brazil
G4S PARTICIPAÇÕES LTDA	Brazil	100.0%		Rua Rui Barbosa 70 1° andar Bela Vista 01326-010 São Paulo Brazil
G4S GROUP HOLDING (ASIA) LTD	British Virgin Islands	100.0%		CITCO Building Wickhams Cay P.O. Box 662 Road Town Tortola British Virgin Islands
G4S SECURE SOLUTIONS (ASIA) LTD	British Virgin Islands	100.0%		Flat RM 101B & 104.F Tower 2 The Harbourfront 22 Tak Fung Street, Kowloon, Hong Kong
G4S HOLDINGS LTD	British Virgin Islands	100.0%		1395 University Blvd 33458 Jupiter FL, United States
ARMORGROUP (SPECIAL CLEARANCE SERVICES) LTD	British Virgin Islands	100.0%		Craigmuir Chambers P.O. Box 71 Road Town Tortola British Virgin Islands
HILL & ASSOCIATES CONSULTANTS LTD	British Virgin Islands	100.0%		Kingston Chambers P.O. Box 173 Road Town Tortola British Virgin Islands
G4S (BVI) HOLDINGS COLOMBIA II LTD	British Virgin Islands	100.0%		1395 University Blvd 33458 Jupiter FL United States
HILL & ASSOCIATES CONSULTANTS (MIDDLE EAST) LTD	British Virgin Islands	100.0%		P.O. Box 957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands
ASHINO HOLDINGS LTD	British Virgin Islands	100.0%		1395 University Blvd 33458 Jupiter FL United States
G4S SECURITY SERVICES CAMEROON PLC	Cameroon	48.4%		Old Airport Road Bonapriso Douala Cameroon
G4S SECURE SOLUTIONS (CANADA) LTD (G4S SOLUTIONS DE SECURITE (CANADA) LTEE)	Canada	100.0%		150 Ferrand Drive Suite 600 M3C 3E5 Toronto Ontario Canada
INDO BRITISH GARMENTS (CANADA) LTD	Canada	100.0%		5255 Orbitor Drive L4W 5M6 Mississauga Ontario Canada
E-VISION SYSTEMS INC	Canada	100.0%		160 Elgin Street K1P 1C3, Ottawa, Canada
SERVICE MASTERS LTD	Cayman Islands	100.0%		Sterling Trust (Cayman) Limited Whitehall House 238 North Church Street, KY1-1102 Grand Cayman Cayman Islands
G4S CENTRAFRIQUE SECURITE SOLUTION SURL	Central African Republic	**100.0%**		No 48 85 Avenue Kolwez, Gombe Kinshasa DRC
G4S HOLDINGS CHILE S.A.	Chile	**100.0%**		Avda. Zanartu 1680, Ñuñoa - Santiago Chile
G4S SECURITY SERVICES REGIONES S.A.	Chile	**100.0%**		Avda. Zañartu 1680 Ñuñoa - Santiago Chile
G4S SECURITY SERVICES LIMITADA	Chile	**100.0%**		Avda. Zañartu 1680, Ñuñoa - Santiago Chile
ARRIENDOS FAST CAR LTDA	Chile	**100.0%**		Avda. Zañartu 1680 Ñuñoa - Santiago Chile
CAPACITACION Y DESARROLLO LTDA	Chile	**100.0%**		Avda. Zañartu 1680 Ñuñoa - Santiago Chile
G4S FACILITIES MANAGEMENT LTD	China	**100.0%**		13F, Hui Shang Building 1286 Min Sheng Road Pudong New District 200122 Shanghai, China
SHENZHEN G4S DONAR TECHNOLOGY CO. LTD	China	100.0%		West Floor 9 Bus Tower 1001 Lianhua branch, Futian District 518036 Shenzhen China
G4S SECURITY SYSTEMS (BEIJING) CO., LTD	China	75.0%		Room 01-4 Tower A 8F Yi Cheng International Centre No 10 Rong Hua Middle Road Beijing Development Area, 100176 Beijing China
G4S TECHNOLOGY (CHINA) LTD	China	100.0%		Room 710A, 7F Nan Fang Securities Building 140-148 Ti Yu Dong Lu, Tian He District Guangzhou China
HILL & ASSOCIATES (PRC) LTD	China	100.0%		6A Huamin Empire Plaza No 728 Yan An Road (W) 200050 Shanghai China
G4S ZHEJIANG SECURE SOLUTIONS CO LTD	China	90.0%		17-1 Bai Ma Miao Xiang, Shangcheng District Hangzhou, China
G4S INTERNATIONAL LOGISTICS (SHANGHAI) CO. LTD	China	100.0%		Room 204-7, 2 Floor China Diamond exchange Center Building, Tower B No. 1701 Century Boulevard Pudong New Area, Shanghai China
G4S MANAGEMENT SERVICES (SHANGHAI) CO. LTD	China	[illegible]		13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122 Shanghai China

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S SECURE SOLUTIONS COLOMBIA S.A	Colombia	100.0%		Avenida 26 No 69A-51 Torre A Int 1 Piso 3 Bogota, Colombia
G4S RISK MANAGEMENT COLOMBIA S.A	Colombia	94.5%		Avenida 26 No 69A - 51 Torre A Int 1, Piso 2 Bogota, Colombia
G4S HOLDING COLOMBIA SA	Colombia	100.0%		Avenida 26 No 69A-51 Torre A Int 1 Piso 3, Bogota Colombia
G4S TECHNOLOGY COLOMBIA S.A	Colombia	100.0%		Avenida 26 No 69A-51 Torre A Int 1 Piso 3, Bogota Colombia
G4S CASH SOLUTIONS COLOMBIA LTDA	Colombia	100.0%		Avenida de las Americas No 41 - 08 Bogota, Colombia
EBC INGENIERIA S.A.S	Colombia	100.0%		Avenida 26 No 69A-51 Torre A Int 1 Piso 3 Bogota, Colombia
GFOURS S.A	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion San Jose, Costa Rica
G CUATRO S VALOURS S.A	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica Clorito Picado 150 mts Oeste San Jose, Costa Rica
WACKENHUT SERVICIOS DE SEGURIDAD S.A	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion San Jose Costa Rica
WACKENHUT SERVICIO DE ESCOLTAS, S.A	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion San Jose, Costa Rica
G FOUR S GRUPO DE SERVICIOS ESPECIALES DE SEGURIDAD S.A	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose Costa Rica
G FOUR S CONSULTOR EN SEGURIDAD S.A	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose Costa Rica
G CUATRO S LOGISTICA DE VALORES SA	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica Clorito Picado 150 mts Oeste, San Jose Costa Rica
G CUATRO S CASH SOLUTIONS S.A	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica Clorito Picado 150 mts Oeste San Jose, Costa Rica
G4S GULF HOLDINGS NV	Curacao	100.0%		Kaya Flamboyan 6 Curaçao Dutch West Indies, Curacao
G4S SECURE SOLUTIONS (CYPRUS) LTD	Cyprus	74.0%		Dianiras 17 2045 Strovolos Nicosia, P.O. Box 23989 1687 Nicosia Cyprus
G4S HOLDING CYPRUS LTD	Cyprus	100.0%		P.O. Box 23989 1687 Nicosia Cyprus
G4S AVIATION (CYPRUS) LTD	Cyprus	80%		Dianiras 17 2045 Strovolos Nicosia P.O. Box 23989 1687 Nicosia, Cyprus
G4S SECURE SOLUTIONS (CZ) A.S	Czech Republic	100.0%		Na Kosince 2257/9 180 00 Prague 8 Czech Republic
G4S CASH SOLUTIONS (CZ) A.S	Czech Republic	100.0%		Na Kosince 2257/9 180 00 Prague 8 Czech Republic
G4S SERVICES S.R.O	Czech Republic	100.0%		Na Kosince 2257/9 180 00 Prague 8 Czech Republic
G4S (DRC) S.A.R.L	Democratic Republic of Congo	95.0%		108 Boulevard du 30 Juin Gombe Kinshasa Democratic
G4S HOLDINGS (DK) A/S	Denmark	100.0%	100.0%	Roskildevej 157, DK-2620 Albertslund Denmark
G4S INTERNATIONAL (DK) A/S	Denmark	100.0%		Roskildevej 157 DK-2620 Albertslund Denmark
G4S SECURITY SERVICES A/S	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund Denmark
G4S KYHLENSO A/S	Denmark	100.0%		Roskildevej 157 DK-2620 Albertslund Denmark
G4S VIKINGA SURAMERICANA APS	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S SURAMERICANA HOLDING APS	Denmark	100.0%		Roskildevej 157 DK 2620 Albertslund Denmark
G4S SECURE SOLUTIONS	Dominican Republic	95.0%	28.50%	Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo Dominican Republic
G4S CASH SOLUTIONS	Dominican Republic	95.0%		Paseo de los Locutores #36 Ensanche Piantini Santo Domingo Dominican Republic
G4S SECURE SOLUTIONS (ECUADOR) CIA LTDA	Ecuador	99.9%		Gral Giacomo Roca N33-92 y Bosmediano, Quito Ecuador
G4S HOLDING (ECUADOR) S.A	Ecuador	99.9%		Luis Cordero E12-114 y Toledo Quito, Ecuador
DEFENCE SYSTEMS ECUADOR DSE CIA LTDA	Ecuador	99.9%		Calle Moscu E09-8 y Av Republica del Salvador Quito Ecuador
G4S FACILITY MANAGEMENT CIA LTDA	Ecuador	99.9%		Calle Moscu E09-8 y Av Republica del Salvador Quito Ecuador
CEFOSEG CIA LTDA	Ecuador	100.0%		Av Principal la Perla S52-136 y Quinta Transversal Quito Ecuador
G4S SECURE SOLUTIONS (EGYPT) LLC	Egypt	85.0%		2nd District, 90th Street, Area 6 5th Settlement, New Cairo Cairo Egypt
INDO BRITISH GARMENTS EGYPT S.A.E	Egypt	99.0%		Head Office Ismalia Public Free Zone Area Egypt
FS INVESTMENTS LLC	Egypt	99.0%		7 El Sherka El Porsaidia St. Auba Boula Sq Ard El Golf Heliopolis Cairo Egypt
FIRST SELECT EGYPT LLC	Egypt	60.0%		Flat no 7, Bur Saeed ya Company Street Alan Baboula Square, Heliopolis, Golf Land Cairo Egypt
G4S LOTUS FACILITIES MANAGEMENT COMPANY	Egypt	51.0%		3A Nabatat Street Garden City Cairo Egypt
G4S FACILITIES MANAGEMENT (EGYPT) LLC	Egypt			12 Sohag St Extension of Harun El-Rasheed St Heliopolis Cairo Egypt
G4S SECURE SOLUTIONS EL SALVADOR S.A DE C.V	El Salvador	100.0%		Av. Olimpica 3765, San Salvador El Salvador
AS G4S BALTICS	Estonia	100.0%		Paldiski mnt 80 10617 Tallinn Estonia
AS G4S GRUPP	Estonia	100.0%		Paldiski mnt 80 10617 Tallinn Estonia
AS G4S EESTI	Estonia	100.0%		Paldiski mnt 80 10617 Tallinn, Estonia
ALARMTEC AS	Estonia	100.0%		Tookoja 1 11313 Tallinn Estonia
AS UHISTEENUSED	Estonia	100.0%		Tammsaare mnt 80j 10112 Tallinn Estonia

43 Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S INTERNATIONAL HOLDINGS (FRANCE) SAS	France	100.0%		18 R Pasquier 75008 Paris France
G4S AVIATION SECURITY (FRANCE) SAS	France	100.0%		9 Place De La Madeleine 75008 Paris France
G4S SECURE SOLUTIONS FRANCE SAS	France	100.0%		9 Place De La Madeleine 75008 Paris France
G4S GABON SECURE SOLUTIONS SA	Gabon	99.9%		Quartier Ambowe, BP 4000 Libreville Gabon
G4S SECURE SOLUTIONS (GAMBIA) LTD	Gambia	100.0%		9 Booster Street Fajara SK Serrekunda Gambia
G4S SECURITY HOLDINGS DE GMBH	Germany	100.0%		C/o Baker Tilly Roelfs AG Wirtschaftsprufungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany
G4S INTERNATIONAL LOGISTICS (GERMANY) GMBH	Germany	100.0%		Rathenaustrasse 53 D-63263 Neu-Isenburg, Germany
G4S IMMOBILIEN-VERWALTUNGS GMBH	Germany	100.0%	5.20%	C/o Baker Tilly Roelfs AG Wirtschaftsprufungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany
G4S SECURITY SERVICES (GHANA) LTD	Ghana	100.0%		31 Second Labone Street Labone Accra Ghana
G4S (GHANA) LTD	Ghana	100.0%		31 Second Labone Street Labone Accra Ghana
G4S SECURE SOLUTIONS (GHANA) LTD	Ghana	100.0%		31 Second Labone Street Labone Accra Ghana
G4S RISK MANAGEMENT (AFRICA) LTD	Ghana	49.0%		31 Second Labone Street Labone Accra Ghana
G4S SECURE SOLUTIONS SA	Greece	100.0%		7 Sorou Str. 144 52 Metamorphosis Athens Greece
G4S HELLAS HOLDING SA	Greece	100.0%		7 Sorou Str. 144 52 Metamorphosis Athens Greece
G4S CASH SOLUTIONS SA	Greece	100.0%		7, Sorou Str. 144 52 Metamorphosis, Athens Greece
G4S TELEMATIX SA	Greece	39.1%		7 Sorou Str. 144 52 Metamorphosis, Athens Greece
WSW SKYKAP SERVICES SA	Greece	42.5%		5 klm Spaton-Loutsas aven. 190 19 Spata Greece
G4S AVIATION AND PORTS SECURE SOLUTIONS SA	Greece	100.0%		7 Sorou Str. 144 52 Metamorphosis, Athens Greece
HELLAS GUARD SA UNDER LIQUIDATION	Greece	18.0%		National Road Palaiokastritsas 491 00 Kerkyras Greece
G4S RMS LTD	Greece	100%		7 Sorou Str. 144 52 Metamorphosis, Athens Greece
CS DEFENSE LTD	Greece	50.0%		35 Kountouriotou 555-35 Thessaloniki Greece
G4S SECURITY SYSTEMS AND MONITORING SERVICES (GREECE) SA	Greece	100.0%		7 Sorou Str. 144 52 Metamorphosis Athens Greece
G4S SECURE SOLUTIONS (GRENADA) LTD	Grenada	51.0%		Maurice Bishop Highway Grand Anse St. George's Grenada
G4S SECURE SOLUTIONS (GUAM) INC	Guam	100.0%		1851A Army Drive Harmon, Guam 96913 Guam
G4S SECURITY SYSTEMS (GUAM) INC	Guam	100.0%		1851A Army Drive Harmon, Guam 96913 Guam
WACKENHUT DE GUATEMALA SA	Guatemala	50.0%		Avenida Petapa 42-51 Zona 12 Guatemala City Guatemala
WACKENHUT ELECTRONICA SA	Guatemala	47.5%		Avenida Petapa 42-51 Zona 12 Guatemala City Guatemala
G4S DOCUMENTA SA	Guatemala	50.0%		Avenida Petapa 42-51 Zona 12 Guatemala City Guatemala
FACILITY SERVICES SA	Guatemala	28.0%		Avenida Petapa 42-51 Zona 12 Guatemala City Guatemala
G4S SECURE SOLUTIONS SA	Guatemala	50.0%		Avenida Petapa 42-51 Zona 12 Guatemala City Guatemala
G4S SECURE SOLUTIONS (GUERNSEY) LTD	Guernsey	100.0%		Homefield Rue de L'Epinel Forest GY8 0HL, Guernsey
G4S INSURANCE (GUERNSEY) LTD	Guernsey	100.0%	100.0%	P.O. Box 384, 4th Floor The Albany South Esplanade GY1 4NF St Peter Port Guernsey
G4S SECURITY SERVICES (GUINEA) SARL	Guinea	75.0%		Commune de Ratoma Kipe Centre Emetteur Pres de la Seg, Conakry, Guinea
G4S (HONG KONG - HOLDING) LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
VERDI LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan, Kowloon, Hong Kong
G4S SECURE SOLUTIONS (HONG KONG) LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
G4S GURKHA SERVICES LTD	Hong Kong	100.0%		1/F Securicor Ctre, 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
HONG KONG SECURITY LTD	Hong Kong	60.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan, Kowloon Hong Kong
G4S DOCUMENT MANAGEMENT SERVICES (HONG KONG) LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon, Hong Kong
G4S FACILITY SERVICES (HONG KONG) LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
G4S CASH SOLUTIONS (HONG KONG) LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
SECURICOR MACAU INVESTMENT LTD	Hong Kong	100.0%		1/F Securicor Ctre, 481 Castle Peak Rd Cheung Sha Wan Kowloon, Hong Kong
G4S GROUP HOLDING (CHINA) LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong
STARPOINT INVESTMENTS LTD	Hong Kong	100.0%		1/F Securicor Ctre 481 Castle Peak Rd Cheung Sha Wan Kowloon Hong Kong
G4S INTERNATIONAL LOGISTICS (HONG KONG) LTD	Hong Kong	100.0%		Unit 02 7/F Beautiful Group Tower 77 Connaught Rd Central, Hong Kong
G4S SECURITY SYSTEMS (HONG KONG) LTD	Hong Kong	100.0%		1/F Securicor Centre 481 Castle Peak Road Cheung Sha Wan Kowloon Hong Kong

Subsidiaries continued

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
GREAT STEP INVESTMENT LTD	Hong Kong	100.0%		1/F Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
VICTORY STEP GROUP LTD	Hong Kong	75.0%		1/F Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
G4S TECHNOLOGY (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
HILL & ASSOCIATES LTD	Hong Kong	100.0%		Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
G4S BIZTONSÁGTECHIKAI ZRT	Hungary	100.0%		Harmer Pal u. 3, 1033 Budapest, Hungary
G4S KESZPENZLOGISZTIKAI KFT	Hungary	100.0%		Rozsnyai u. 21-25, 1139 Budapest, Hungary
G4S BIZTONSAGI SZOLGALTATASOK ZRT	Hungary	100.0%		Polgar u. 8-10, 1033 Budapest, Hungary
G4S HOLDING KFT	Hungary	100.0%		Polgar u. 8-10, 1033 Budapest, Hungary
G4S CENTRAL MONITORING SERVICES (INDIA) PVT LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S SECURE SOLUTIONS (INDIA) PVT. LTD	India	49.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
INDO-BRITISH GARMENTS (P) LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S CASH SOLUTIONS (INDIA) PVT LTD	India	100.0%	18.50%	C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S FLEET MANAGEMENT SERVICES (INDIA) PVT LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S PRODUCTS (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S SECURITY SYSTEMS (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
MONITRON SECURITY (P) LTD	India	100.0%		Office Unit No 301, Third Floor, A-Wing Eureka Tower, Building No. 7, Mind Space, Link Road, Malad (west), 400064 Mumbai, India
G4S CORPORATE SERVICES (INDIA) PVT LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
FIRST SELECT (P) LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S FACILITY SERVICES (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S IT SERVICES (INDIA) PVT LTD	India	100.0%	84.5%	Block B3, 3rd Floor, DLF World Tech Park, DLF IT SEZ, Sikhopur, 122001 Gurgaon, Haryana, India
PROTEX SECURITY SERVICES (AP) PVT LTD	India	48.9%		Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India
INVESTIGATION AND SECURITY SERVICES (INDIA) PVT LTD	India	16.7%		Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India
MONITRON SUPPORT SERVICES PVT LTD	India	49.5%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
HILL & ASSOCIATES (INDIA) PVT LTD	India	100.0%		Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, 122002 DLF Phase II, Gurgaon, Haryana, India
SOPEDU SECURITY PRIVATE LIMITED	India	100%		C-30, Chirag Enclave, 110048 New Delhi, India
PT G4S SECURITY SERVICES	Indonesia	97.0%		The Security Centre - Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia
PT G4S CASH SERVICES	Indonesia	83.9%		Jl. Ciputat Raya No. 18, Pondok Pinang, Kebayoran Lama, 12310 Jakarta, Indonesia
PT CASHTRANS PERDANA	Indonesia	100.0%		Menara Jamsostek Fl 22, Jl. Jend. Gatot Subroto No. 38, Kuningan Barat, Jakarta Selatan, Indonesia
PT G4S EURONET (INDONESIA)	Indonesia	53.0%		The Security Centre - Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia
PT HILL KONSULTAN INDONESIA	Indonesia	99.0%		Gedung Setiabudi 2 Lt 3A Suite 3A-01, Jl. H.R. Rasuna Said Kav 62, 12920 Jakarta, Indonesia
PT G4S SECURITY SOLUTION SERVICES	Indonesia	51.0%		The Security Center - Unit 407, Cilandak Commercial Estate KKO, 12560 Jakarta, Indonesia
PT ARGA NITA ADHILOKA PRATAMA	Indonesia	51.0%		Jl. Administrasi Negara IA No. 30, Bendungan Hilir, Tanah Abang, 10210 Jakarta, Indonesia
GROUP 4 SECURICOR GLOBAL RISKS LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SECURE SOLUTIONS (IRE) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SUPPORT SERVICES (IRELAND) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S HOLDINGS IRELAND LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S CASH SOLUTIONS IRELAND LTD	Ireland	100.0%		Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland
G4S MONITORING (IRE) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
A1 SECURITY TECHNOLOGIES LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S FACILITIES MANAGEMENT (IRE) LTD	Ireland	100.0%		Unit 5, Calmount Business Park, Ballymount, Dublin 12, Ireland

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
ALARM MONITORING SERVICES LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S COMPLIANCE AND INVESTIGATIONS (IRELAND) LIMITED	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S FINANCE (IRELAND) LTD	Ireland	100.0%	100.0%	2013 Orchard Place, City West, Dublin 24, Ireland
GDJS SECURITY LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SECURE SOLUTIONS (ISLE OF MAN) LTD	Isle of Man	100.0%		IOM Business Park, Ballacottier, Braddon, Isle of Man, IM2 2SE
G4S ISRAEL PPP LTD	Israel	100.0%		14 Scacham St, Petch Tikva, Israel
POLICITY LTD	Israel	25.0%		1a Ha'Yarden St., A. Port City, Lod, Israel
G4S INTERNATIONAL LOGISTICS (ISRAEL) LTD	Israel	100.0%		111, Arlozorov street, Tel Aviv-Yafo, Israel 6209809
WACKENHUT SA	Ivory Coast	97.5%		20 B.P. 845 Abidjan 20, Ivory Coast
G4S SECURE SOLUTIONS (CI) SA	Ivory Coast	97.5%		3 Boulevard Valerie Giscard d'Estaing 01 BP 6065 ABJ 01 Abidjan, Ivory Coast
ARMORGROUP COTE D'IVOIRE SA	Ivory Coast	100.0%		Rue B31, Lot 29, Cocody danga Nord Abidjan, 20 BP 845 Abidjan 20 Abidjan, Ivory Coast
G4S JAMAICA LTD	Jamaica	100.0%		6-8 East Avenue, 5 Kingston, W.I., Jamaica
G4S SECURE SOLUTIONS JAPAN KK	Japan	100.0%		202, Musashino Hills, 2299-4 Fussa, Fussa-shi, 1970011 Fussa-shi, Japan
HILL & ASSOCIATES (JAPAN) KK	Japan	100.0%		2-2-15, #403, Minami-Aoyama, Minato-ku, 107-0062 Tokyo, Japan
G4S HOLDINGS INDIA LTD	Jersey	100.0%		Third Floor, 37 Esplanade, JE2 3QA St Helier, Jersey
G4S SECURE SOLUTIONS (JERSEY) LTD	Jersey	100.0%		The Security Centre, Rue des Pres Trading Estate, JE2 7QP St Saviour, Jersey
G4S INTERNATIONAL EMPLOYMENT SERVICES LTD	Jersey	100.0%		The Old Chapel, Sacre Coeur, Rouge Bouillon, St. Helier, Jersey, JE2 3ZA
G4S SECURE SOLUTIONS INTERNATIONAL INC (JORDAN) LTD	Jordan	50.0%		# 12, Mithqual El Fayez St., Third Circle Jebel, P.O. Box 831358, 11183 Amman, Jordan
G4S SECURE SOLUTIONS INT (JORDAN) FOR INTEGRATED SOLUTIONS	Jordan	60.0%		Roxy Al Ozaizi Street - Dana Center, 11183 Amman, Jordan
G4S KENYA LTD	Kenya	100.0%		Witu Rd, off Lusaka Rd, P.O. Box 30242, GPO 00100 Nairobi, Kenya
G4S FIRE SERVICES (KENYA) LTD	Kenya	100.0%		Witu Rd, off Lusaka Rd, P.O. Box 30242, GPO 00100 Nairobi, Kenya
ARMORGROUP KENYA LTD	Kenya	100.0%		Plot No. LR 209/368 10, Armor House, Lenana Road, P.O. Box 2714 Nairobi, Kenya
G4S SECURE DATA SOLUTIONS (KENYA) LTD	Kenya	60.0%		Witu Rd, off Lusaka Rd, P.O. Box 30242, GPO 00100 Nairobi, Kenya
AS G4S LATVIA	Latvia	100.0%		Ntgu Str 10, LV-1021, Riga, Latvia
AS G4S CASH SERVICES LATVIA	Latvia	100.0%		Stgu Str 10, LV-1021, Riga, Latvia
GROUP 4 SECURITY SERVICES LEBANON SAL	Lebanon	50.6%	50.60%	Saliba Building, Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon
G4S SECURITY SYSTEMS LEBANON SAL	Lebanon	50.7%		Saliba Building, Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon
G4S SECURE SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100.0%		397 Hilton Hill Road, Maseru, Lesotho
G4S CASH SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100.0%		397 Hilton Hill Road, Maseru, Lesotho
UAB G4S LIETUVA	Lithuania	100.0%		Jasinskio 16C, LT-01112 Vilnius, Lithuania
G4S SECURITY SOLUTIONS S.A.R.L	Luxembourg	100.0%		14 Rue du Père Raphael - P.O. Box 1513, L-1015 Luxembourg
G4S GENERAL SERVICES SA	Luxembourg	100.0%		14 Rue du Pere Raphael - P.O. Box 1513, L-1015 Luxembourg
G4S FINANCE (LUXEMBOURG) SARL	Luxembourg	100.0%	100.0%	14 Rue du Pere Raphael – P.O. Box 1513, L-1015 Luxembourg
HILL & ASSOCIATES (MACAU) LTD	Macau	100%		Avenida Venceslau de Morais, 157, Bl. 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
G4S (MACAU) (HOLDING) LTD	Macau	100.0%		Avenida Venceslau de Morais, 185-191, 1 Andar A, Macau
G4S SECURE SOLUTIONS (MACAU) LTD	Macau	100.0%		Avenida Venceslau de Morais, 157, Bl. 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL SECURITY SERVICES LTDA	Macau	100.0%		Avenida Venceslau de Morais, 157, Bl. 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL PROPERTY MANAGEMENT SERVICES LTD	Macau	100.0%		Avenida Venceslau de Morais, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL HOLDINGS LTD	Macau	100.0%		Avenida Venceslau de Morais, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
G4S MADAGASCAR SOLUTIONS DE SECURITE SARL	Madagascar	100.0%		Lot II 161 HC Ambohimatovo Ivandry Immeuble Miller, Im 10101 101 Antananarivo Renivohitra CU, Madagascar

Subsidiaries continued

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S SECURE SOLUTIONS (MALAWI) LTD	Malawi	99.7%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S PREMIER GUARDING SERVICES (MALAWI) LTD	Malawi	100.0%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S PREMIER ALARM MONITORING AND RESPONSE SERVICES (MALAWI) LTD	Malawi	100.0%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S MALAYSIA SDN BHD	Malaysia	60.0%		25-2, Jalan PJU 1 42A, Dataran Prima, 47301 Petaling Jaya, Malaysia
ALMO SYSTEMS SDN BHD	Malaysia	49.0%		25-2, Jalan PJU 1 42A, Dataran Prima, 47301 Petaling Jaya, Malaysia
GROUP 4 FALCK CMS SDN BHD	Malaysia	49.0%		Suite 226, 1st floor, FAS Business Avenue, No 1, Jalan Perbandaran, 47301 Petaling Jaya, Malaysia
SAFEGUARDS G4S SDN. BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SECURICOR (MALAYSIA) SDN BHD	Malaysia	19.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S (SABAH) SDN BHD	Malaysia	19.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S (SARAWAK) SDN BHD	Malaysia	19.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S SECURITY SYSTEMS SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
GWENKENS SECURITY SERVICES SDN BHD	Malaysia	44.1%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
G4S MANAGEMENT SERVICES (ASIA PACIFIC) SDN BHD	Malaysia	100.0%		1st Floor, Lot 6, Jalan 225, Sec 51A, Petaling Jaya, 46100 Selangor, Malaysia
HILL CORPORATE SERVICES SDN BHD	Malaysia	100.0%		2nd floor, No 2-4, Jalan Manau, 50460 Kuala Lumpur, Malaysia
RISK CONSULTING (L) LTD	Malaysia	100.0%		Level 15B, Main Office Tower, Financial Park, Jalan Merdeka, 87000 Labuan, Malaysia
HILL RISK CONSULTING (MALAYSIA) SDN BHD	Malaysia	100.0%		Unit No 9-1, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
VIVA POWERTECH SDN. BHD	Malaysia	100.0%		Level 21, Suite 21.10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
SAFEGUARDS G4S ACADEMY SDN BHD	Malaysia	44.1%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
GWENKENS CENTRAL MONITORING SDN BHD	Malaysia	44.1%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
INDO BRITISH GARMENTS MALAYSIA SDN BHD	Malaysia	100.0%		Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No 1, Leboh Ampang, 50100 Kuala Lumpur, Malaysia
G4S (MALI) SARL	Mali	100.0%		Hamdallaye ACI 2000, street 405 – gate 558, Bamako, Mali
G4S SECURITY SERVICES (MALTA) LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq il-Zwejt, SGN 3000 San Gwann, Malta
G4S SECURITY SERVICES LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq il-Zwejt, SGN 3000 San Gwann, Malta
G4S HOLDINGS (MALTA) LTD	Malta	100.0%		Ent A, Level 1, Capital Business Centre, Triq il-Zwejt, SGN 3000 San Gwann, Malta
G4S COMMUNITY SERVICES LIMITED	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq il-Zwejt, SGN 3000 San Gwann, Malta
G4S SECURITY SERVICES (MAURITANIA) SA	Mauritania	70.0%		BP 4201, Nouakchott, Tevragh Zeina Ilot C, No. 261, Nouakchott, Mauritania
G4S HOLDINGS CHINA LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
CROSSKEYS (MAURITIUS) HOLDINGS LTD	Mauritius	100.0%		210 St James Court, Rue St Denis, Port Louis, Mauritius
HILL RISK MANAGEMENT LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
HILL & ASSOCIATES (MAURITIUS) LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
HILL RISK CONSULTING (MAURITIUS) LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
SIGRAY MANAGEMENT SERVICES LTD	Mauritius	100.0%		c/o Intercontinental Trust LTD, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
G4S HOLDINGS MEXICO, SA DE CV	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S SECURITY SYSTEMS SA DE CV	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S PRIVATE SECURITY SERVICES, SA DE CV	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S SECURITY SERVICES CRNA GORA DOO PODGORICA	Montenegro	85.0%		Cvijetna Street no 25, Podgorica, Montenegro
MAROC PROTECTION SURVEILLANCE SA	Morocco	100.0%		24, Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
G4S (MAROC) SA	Morocco	100.0%		24, Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
FIRST SELECT MOROCCO SA	Morocco	99.9%		24, Lotissement la Colline, Sidi Maârouf, 20150 Casablanca, Morocco
G4S INTEGRATED SERVICES MOROCCO SA	Morocco	100.0%		24, Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
WACKENHUT MOZAMBIQUE LIMITADA	Mozambique	70%		Rua Mariano Machado nº 99/186 Maputo, Mozambique
G4S SECURE SOLUTIONS MOCAMBIQUE LIMITADA	Mozambique	87.5%		Av da Organizacao da Unidade Africana 121 Maputo Mozambique
G4S ORDNANCE MANAGEMENT (MOCAMBIQUE), LIMITADA	Mozambique	90.0%		No 2085 Avenida Ahmed Sekou Toure, Maputo Mozambique
G FOUR S MANNED SECURITY (NAMIBIA) (PTY) LTD	Namibia	60.0%		33 General Murtala Ramat Muhammed Street, Eros Windhoek, Namibia
G FOUR S AVIATION SECURITY (NAMIBIA) (PTY) LTD	Namibia	60.0%		33 General Murtala Ramat Muhammed Street Eros, Windhoek Namibia
G FOUR S SECURE SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	60.0%		33 General Murtala Ramat Muhammed Street Eros Windhoek, Namibia
ARMED RESPONSE COMPANY (PROPRIETARY) LTD	Namibia	100.0%		33 General Murtala Ramat Muhammed Street Eros Windhoek Namibia
RESCUE 911 (PROPRIETARY) LTD	Namibia	100.0%		33 General Murtala Ramat Muhammed Street Eros Windhoek, Namibia
PRO-FORCE CORPORATE SECURITY (PROPRIETARY) LTD	Namibia	100.0%		33 General Murtala Ramat Muhammed Street Eros, Windhoek Namibia
G FOUR S CASH SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100.0%		33 General Murtala Ramat Muhammed Street Eros, Windhoek Namibia
G4S SECURITY SERVICES NEPAL (P) LTD	Nepal	99.9%		Ichhunadi Marg, Baluwatar Ward No 4 Kathmandu Metropolitan City Kathmandu, Nepal
FIRST SELECT NEPAL (P) LTD	Nepal	100.0%		P.O. Box 20423 House # 75/45 Lazimpat Kailash Chaur Kathmandu Nepal
SECURITAS PRODUCT NEPAL (P) LTD	Nepal	100.0%		Ichhunadi Marg, Baluwatar Ward No 4 Kathmandu Metropolitan City Kathmandu, Nepal
G4S FACILITY & EMPLOYMENT SERVICES NEPAL P/T LTD	Nepal	100.0%		Ichhunadi Marg Baluwatar Ward No 4 Kathmandu Metropolitan City Kathmandu Nepal
G4S INTERNATIONAL (NL) BV	Netherlands	100.0%		Hogehilweg 12 1101CD Amsterdam Zuidoost Netherlands
G4S HOLDING (B) BV	Netherlands	100.0%		Hogehilweg 12, 1101CD Amsterdam Zuidoost Netherlands
G4S INDIA HOLDINGS (NL) BV	Netherlands	100.0%		Hogehilweg 12 1101CD Amsterdam Zuidoost, Netherlands
G4S AVIATION SECURITY BV	Netherlands	100.0%		Evert van de Beekstraat Triumph Nummer 55 Luchthaven Schiphol, 1118 CL Netherlands
G4S SECURE MONITORING BV	Netherlands	100.0%		Hogehilweg 12 1101CD Amsterdam Zuidoost Netherlands
G4S INTERNATIONAL HOLDINGS 101 (NL) BV	Netherlands	100.0%		Hogehilweg 12, 1101CD Amsterdam Zuidoost Netherlands
G4S SECURITY SERVICES BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam Zuidoost Netherlands
G4S HOLDINGS 102 (NL) BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Zuidoost, Netherlands
G4S HOLDINGS 103 (NL) BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Zuidoost Netherlands
G4S GROUP HOLDING (ASIA) BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Zuidoost Netherlands
G4S BEHEER BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Zuidoost Netherlands
G4S SERVICES BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Zuidoost Netherlands
G4S PUBLIC SECURITY BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam Zuidoost Netherlands
G4S CASH SOLUTIONS BV	Netherlands	100.0%		Ptolemaeuslaan 61 3528 BR Utrecht, Netherlands
G4S CASH MANAGEMENT BV	Netherlands	100.0%		Ptolemaeuslaan 61 3528 BR Utrecht Netherlands
G4S TRAINING & SAFETY BV	Netherlands	100.0%		Galvanistraat 89, 6716 AE Ede Netherlands
G4S DIRECT BV	Netherlands	100.0%		Galvanistraat 89, 6716 AE Ede Netherlands
ROTUS BV	Netherlands	100.0%		Galvanistraat 89 6716 AE Ede Netherlands
IBG EUROPE BV	Netherlands	100.0%		Hogehilweg 12 1101 CD Amsterdam Netherlands
G4S PERSONNEL BV	Netherlands	100.0%		Amperestraat 25 6716 BN Ede Netherlands
G4S ZORG & WELZIJN BV	Netherlands	100.0%		Tolhasingel 1 2411 PV Bodegraven, Netherlands
G4S OVERSEAS HOLDINGS BV	Netherlands	100.0%		Hogehilweg 12 1101CD Amsterdam Zuidoost, Netherlands
G4S FIRE & SAFETY BV	Netherlands	100.0%		Donk 1D, 2991 LE Barendrecht Netherlands
INZETBAAR BV	Netherlands	100.0%		Tolhasingel 1 2411 PV Bodegraven Netherlands
G4S NEW ZEALAND LTD	New Zealand	100.0%		Level 3 2 Kalmia Street, Ellerslie 1051, New Zealand
G4S SECURE SOLUTIONS NICARAGUA SOCIEDAD ANONIMA	Nicaragua	51.0%		Reparto Belmonte, Dr. Hospital Velez Paiz 1 Cuadra Hacia Arriba Nicaragua
OUTSOURCING SERVICES LTD	Nigeria	99.9%		27 Oba Akinjobi Street GIRA Ikeja Lagos Nigeria
SCHC LTD	Nigeria	99.0%		13A, AJ Marinho Drive Victoria Island Lagos, Nigeria
G4S SECURE SOLUTIONS NIGERIA LTD	Nigeria	100.0%		27 Oba Akinjobi Street GIRA Ikeja Lagos Nigeria
G4S TRACKING SOLUTIONS LTD	Nigeria	60.0%		AIB Plaza, Off Akin Adesola Street Victoria Island Lagos Nigeria
ASSETGUARD SERVICES LTD	Nigeria	100.0%		1 Murtala Mohammed Drive (Formerly Bank Road) Ikoyi Lagos Nigeria
ARMORGROUP (NIGERIA) LTD	Nigeria	100.0%		27 Oba Akinjobi Street GIRA Ikeja Lagos Nigeria
G4S GLOBAL RISKS NIGERIA LTD	Nigeria	100.0%		Plot 7a Acme Road, Block C Ogba Industrial Scheme, Ikeja, Lagos Nigeria

Subsidiaries continued

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S SECURE SOLUTIONS (CNMI) INC	Northern Mariana Islands	100.0%		PMB 384 PPP Box 1000 96950 Saipan Northern Mariana Islands
G4S SECURITY SOLUTIONS LLC	Oman	49.0%		P.O. Box 1625 112, Ruwi Muscat Oman
G4S SERVICES LLC	Oman	49.0%		P.O. Box 1625 112 Muscat, Oman
HILL & ASSOCIATES PAKISTAN (PVT) LTD	Pakistan	100.0%		B-61 KDA Scheme 01 7550 Karachi Pakistan
INVERSIONES SETESCA	Panama	100.0%		Calle 41 2-40 Bella Vista, Panama
SEGURIDAD TECNICA SA	Panama	44.0%		Calle 41, 2-40 Bella Vista Panama
TELEMETRIA Y ALARMA SA	Panama	7.6%		Calle 41 2-40 Bella Vista, Panama
DETECTA SA	Panama	44.0%		Calle 41 2-40 Bella Vista, Panama
LIMPIL SA	Panama	44.0%		Calle 41 2-40 Bella Vista Panama
G4S SA	Panama	100.0%		Marbella, Ave. Aquilino de la Guardia Ocean Business Plaza, Piso 17-1704, Panama City Panama
METERS CORP	Panama	100.0%		Calle 41 2-40 Bella Vista, Panama
G4S SECURE SOLUTIONS (PNG) LTD	Papua New Guinea	100.0%		Section 61 Allotment 13 Morata Street Gordons National Capital District Papua New Guinea
MONT BLANC LIMITED	Papua New Guinea	100.0%		C/ Sinton Spence Chartered Accountants 2nd Floor Brian Bell Plaza Turmu St Boroko Boroko Papua New Guinea
G4S PNG LIMITED	Papua New Guinea	100.0%		PO Box 5392 Boroko NCD Papua New Guinea
WACKENHUT PARAGUAY SA	Paraguay	80.0%		Nery Quevedo 313 Esq. Hipolito Garron Asuncion Paraguay
G4S PERU SAC	Peru	99.9%		Av. El Sol 915, Urbanizacion La Campiña Chorrillos, Lima, Peru
G4S HOLDING, INC	Philippines	79.9%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City, Philippines
G4S SECURITY SYSTEMS, INC	Philippines	79.8%		G4S House, 142 Pasig Blvd Bagong Ilog, 1600 Pasig City Philippines
PERSONAL SECURITY SYSTEMS INC	Philippines	100%		G4S House, 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
CATENA SECURITY INC	Philippines	100%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
VALLUM SECURITY SERVICES CORP	Philippines	100%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
G4S SECURITY TRAINING INC	Philippines	31.9%		Metro Manila Philippines C.O unit 201 Conservatory Bldg 605 Shaw Blvd Mandaluyong City Philippines
ATTINA SECURITY SERVICES INC	Philippines	100.0%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
HILL & ASSOCIATE RISK CONSULTING PHILS INC	Philippines	100.0%		Unit 505 Pse Tower One & Exchange Plaza, 6767 Ayala Avenue 1226 Makati City Philippines
ACCURIA EXECUTIVE PROTECTION & DETECTIVE SERVICES INC	Philippines	100.0%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
G4S CASH SOLUTIONS PHILIPPINES INC	Philippines	59.0%		100 E. Rodriguez Avenue Ugong Norte, 1552 Quezon City Philippines
CYNEWARD SECURITY CORP	Philippines	100.0%		G4S House 142 Pasig Blvd Bagong Ilog 1600 Pasig City Philippines
G4S SECURE SOLUTIONS PUERTO RICO INC	Puerto Rico	100.0%		Carretera #1 Plaza Bairoa, Suite 211 Caguas, Puerto Rico
G4S SECURE SOLUTIONS SRL	Romania	100.0%		15 Charles de Gaulle Square, 12th floor District 1 Bucharest Romania
G4S CASH SOLUTIONS SRL	Romania	100.0%		15 Charles de Gaulle Square 12th floor District 1 Bucharest Romania
G4S FIRE & SAFETY SRL	Romania	100.0%		15 Charles de Gaulle Square 12th floor District 1, Bucharest Romania
LLC PSE G4S SECURITY SERVICES – SAKHALIN	Russia	75.0%		36 Dzerzhinskogo, 693000 Yuzhno Sakhalinsk Russia
LLC G4S TECNICAL SOLUTIONS – SAKHALIN	Russia	75.0%		62A Amurskaya Str Office 103 693000 Yuzhno-Sakhalinsk Russia
G4S EURASIA LLC	Russia	100.0%		Building 1 4 Ukhtomsky Pereulok, 111020 Moscow Russia
LLC GROUP 4 SECURICOR	Russia	99%		107023 M. Semenovskaya str 9, bld, Moscow Russia
G4S RWANDA LTD	Rwanda	99.0%		5698 Nyarutarama, P.O. Box 7230 Kigali Rwanda
G4S SECURE SOLUTIONS (ST LUCIA) LTD	Saint Lucia	51.0%		P.O. Box CP 6098 Conway Post Office Castries Saint Lucia
AL MAJAL GROUP 4S FOR SECURITY AND SAFETY LLC	Saudi Arabia	49.0%		P.O. Box 31049, 21497 Jeddah Saudi Arabia
AL MAJAL SERVICE MASTER LLC	Saudi Arabia	49.0%		Post Code 6930, 21452 Jeddah Saudi Arabia
MOHAMMED BIN ABDOUD AL AMOUDI CO FOR CIVILIAN SECURITY SERVICES PARTNERSHIP (ALMAJAL)	Saudi Arabia	0.0%		P.O. Box 2779 21461 Jeddah Saudi Arabia
G4S SECURE SOLUTIONS D.O.O.	Serbia	85.0%		Bulevar Peka Dapcevica 32 Belgrade, Serbia
G4S SECURE SOLUTIONS (SL) LTD	Sierra Leone	100.0%		6 Spur Road P.O. Box, Freetown Sierra Leone
GROUP 4 SECURICOR (S) PTE LTD	Singapore	100.0%		8 Commonwealth Lane #04-04 (Annex) 149555 Singapore
G4S SECURITY SYSTEMS (S) PTE LTD	Singapore	100.0%		8 Commonwealth Lane #04-04 (Annex) 149555 Singapore
G4S SECURE SOLUTIONS (SINGAPORE) PTE LTD	Singapore	100.0%	25.30%	8 Commonwealth Lane #04-04 Annex 149555 Singapore

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S INTERNATIONAL LOGISTICS (SINGAPORE) PTE LIMITED	Singapore	100.0%		158 Cecil Street, 069545 #11-01 Singapore
HILL & ASSOCIATES RISK CONSULTING (SINGAPORE) PTE LTD	Singapore	100.0%		51 Cuppage Road #10-18 229469 Singapore
G4S SECURITY SYSTEMS (SK), S.R.O.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S SECURE SOLUTIONS (SK), A.S.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S FIRE SERVICES (SK), S.R.O.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S TECHNOLOGY SOLUTIONS (SK) S.R.O.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S DRUZBA ZA VAROVANJE D.O.O. (G4S D.O.O.)	Slovenia	96.2%		Stegne 21, 1000 Ljubljana, Slovenia
GROUP 4 FALCK (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURITY SERVICES (AFRICA) (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURE SOLUTIONS (SA) (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S AVIATION SECURITY (SA) (PTY) LTD	South Africa	49.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S INTEGRITY ASSESSMENT (PTY) LTD	South Africa	49.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S INTERNATIONAL LOGISTICS (SOUTH AFRICA) PTY	South Africa	100.0%		Unit 31 First Floor Waterford Office Park, Corner Witkoppen & Waterford Road, Fourways [illegible], South Africa
GRAY SECURITY SERVICES (SA) (PTY) LTD	South Africa	49.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S CASH SOLUTIONS (SA) (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S INSURANCE (SA) LTD	South Africa	[illegible]		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
[illegible] WIERDA [illegible] (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
TMS MICRO FINANCE (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S EMPOWERMENT VENTURES (SA) (PTY) LTD	South Africa	48.1%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S CARE AND JUSTICE SERVICES (SOUTH AFRICA) (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S CORRECTION SERVICES (BLOEMFONTEIN) (PTY) LTD	South Africa	81.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
GSL REBOUND (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
SKYCOM (PTY) LTD	South Africa	49.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
ACCESS AND BEYOND (PTY) LTD	South Africa	49.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
INTEGRATED SKY FORCE SOLUTIONS (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa, 0157 Centurion
INDO BRITISH GARMENTS PVT LIMITED EXTERNAL PROFIT	South Africa	100.0%		Sorrento Suite 5 De Haviland Cresent, Ill Villaggio Persequor, Pretoria, Gauteng, South Africa
INVESTMENT SURVEYS (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S DEPOSITA (RF) (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S ATM ENGINEERING (SA) (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
INTEGRA (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
THETHA TECHNOLOGIES (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S AFRICA (PROPRIETARY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURITY SERVICES (PRIVATE) LTD	Sri Lanka	60.0%		71 Vauxhall Street, 2 Colombo, Sri Lanka
ARMORGROUP SUDANESE CO LTD	Sudan	100.0%		8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan
GROUP 4 SYRIA LIMITED LIABILITY COMPANY	Syria	29.4%		Al Aasar Building, near the Central Post office, Sinjeddar, Damascus, Syria
G4S SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-1, No. 266, Sec. 1, Wenhua 2nd Road, Linkou Dist. 24448 New Taipei City, Taiwan
G4S ATM SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-2, No. 266, Sec. 1, Wenhua 2nd Road, Linkou Distt. 24448 Taipei City, Taiwan
G4S PROPERTY MANAGEMENT LTD	Taiwan	[illegible]		20F-1, No. 266, Sec. 1, Wenhua 2nd Road, Linkou Dist. 24448 New Taipei City, Taiwan

Subsidiaries *continued*

Company Name	*Country of Incorporation*	*% owned by Group*	*% owned by plc*	Registered address
G4S SECUREWELL SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-1 No 266 Sec 1 Wenhua 2nd Road Linkou Dist 24448 New Taipei City Taiwan
G4S WEI FUNG SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-2 No 266 sec 1 wun Hua 2nd road Linko Distt 24448 Taipei City Taiwan
G4S SYSTEM ENGINEERING CORPORATION	Taiwan	85.0%		6F, No 320, Sec 1 Neihu Rd Neihu Dist Taipei City 11493 Taiwan (R.O.C) 22101 Taipei Taiwan
HILL & ASSOCIATES (TAIWAN) LTD	Taiwan	100.0%		20F-1 No 266 Sec 1 Wenhua 2nd Road Linkou Dist, 24448 New Taipei City Taiwan
G4S SECURITY SYSTEMS CO LTD	Taiwan	85.0%		16th Floor Suite 1 No 266, Sec 1 Wen-Hwa 2nd Road Linko Hsiang, Taipei Taiwan, 22101 Taipei Taiwan
G4S SECURE SOLUTIONS (TZ) LTD	Tanzania	100.0%		Plot No 37, Ali Hassan Mwinyi Road Kinondoni Municipality, P O Box 5555 Dar Es Salaam Tanzania
ARMORGROUP TANZANIA LTD	Tanzania	100.0%		TDFL, 3rd Floor (Opposite Sheraton Hotel), Dar-es-Salaam, Tanzania
G4S (THAILAND) LTD	Thailand	73.5%		2922 205-206 Charn Issara Tower II 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok Thailand
G4S SECURITY SERVICES (THAILAND) LTD	Thailand	73 %		2922 205-206 Charn Issara Tower II 11th Floor, New Petchburi Road Bangkapi Huaykwang, 10310 Bangkok Thailand
G4S HOLDINGS (THAILAND) LTD	Thailand	73.4%		2922 205-206 Charn Issara Tower II, 11th Floor New Petchburi Road Bangkapi Huaykwang 10310 Bangkok Thailand
INTER-ASIAN ENTERPRISES HAE COMPANY LTD	Thailand	73.5%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road, Bangkapi, Huaykwang, 0310 Bangkok Thailand
G4S INTERNATIONAL LOGISTICS HOLDING (THAILAND) LTD	Thailand	100%		451 Silom 19 Building, 2nd Floor Soi Silom 19 Silom Road Silom 10500 Bangrak Bangkok Thailand
G4S INTERNATIONAL LOGISTICS (THAILAND) LTD	Thailand	100%		451 Silom 19 Building 2nd Floor Soi Silom 19 Silom Road Silom 10500 Bangrak Bangkok Thailand
ASIAN HOLDING INTERNATIONAL COMPANY LTD	Thailand	72.0%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road Bangkapi, Huaykwang 0310 Bangkok Thailand
GUARDIAN ALARMS COMPANY LTD	Thailand	73.5%		43 55 Moo 5 Wiset Rd Rawai Sub District, Muang District Phuket Province Thailand
HILL RISK CONSULTING (THAILAND) CO LTD	Thailand	49.0%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road Bangkapi Huaykwang, 10310 Bangkok Thailand
G4S HOLDINGS 4 (THAILAND) LIMITED	Thailand	48.9%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road Bangkapi Huaykwang 10310 Bangkok Thailand
G4S HOLDINGS 3 (THAILAND) LIMITED	Thailand	48.9%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road Bangkapi Huaykwang 10310 Bangkok Thailand
G4S HOLDINGS 2 (THAILAND) LIMITED	Thailand	48.9%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok Thailand
G4S HOLDINGS 1 (THAILAND) LIMITED	Thailand	48.9%		2922 205-206 Charn Issara Tower II 11th Floor New Petchburi Road Bangkapi, Huaykwang, 10310 Bangkok Thailand
G4S HOLDINGS (TRINIDAD) LTD	Trinidad & Tobago	51.0%		61 63 Edward Street Port of Spain Trinidad & Tobago
G4S SECURE SOLUTIONS (TRINIDAD) LTD	Trinidad & Tobago	51.0%		61-63 Edward Street Port of Spain Trinidad & Tobago
G4S GUVENLIK HIZMETLERI ANONİM ŞİRKETİ	Turkey	100.0%		Ayazaga Mah Ataturk Cad Mezarlik Sok No 1 Ayazaga Sariyer Istanbul Turkey
G4S ELEKTRONIK SİSTEMLERİ ANONIM ŞİRKETİ	Turkey	100.0%		Ayazaga Mah Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer, Istanbul Turkey
G4S SECURE SOLUTIONS (UGANDA) LTD	Uganda	99.9%		Plot 6 Nakasero Road, Kampala Uganda
ALARM PROTECTION SERVICES LTD	Uganda	100.0%		Plot 53 Lumumba Avenue Nakasero, Kampala Uganda
US DEFENSE SYSTEMS LLC (UGANDA)	Uganda	100.0%		Plot 53 Lumumba Avenue Nakasero, Kampala Uganda
GROUP 4 SECURITAS LLC	Ukraine	99.4%		21A Moskovskij ave 02073 Kiev Ukraine
G4S SECURE SOLUTIONS (UKRAINE) LTD	Ukraine	100.0%		21A Moskovskij ave 02073 Kiev Ukraine
G4S SECURITY SOLUTIONS (UKRAINE) LTD	Ukraine	100.0%		21A Moskovskij ave 02073 Kiev Ukraine
G4S SECURE SOLUTIONS LLC	United Arab Emirates	49.0%		Chair Tower (Oriental Travel Building) First Floor Muroor Street P O Box 31859 Abu Dhabi, United Arab Emirates
GROUP 4 FALCK SERVICES LLC	United Arab Emirates	49.0%		P O Box 32634 Dubai United Arab Emirates
G4S CASH SERVICES LLC	United Arab Emirates	49.0%		P O Box 113400 Rashidiya Dubai United Arab Emirates
GROUP 4 SECURICOR INFORMATION TECHNOLOGY UAE LLC (G4S	United Arab Emirates	48.5%		P O Box 32634 Dubai United Arab Emirates
GROUP 4 SECURICOR FACILITY SERVICES LLC (G4S)	United Arab Emirates	48.5%		P O Box 32634 Dubai United Arab Emirates
SHAMS AGRICULTURAL SERVICES LLC (G4S)	United Arab Emirates	48.5%		P O Box 32634 Dubai United Arab Emirates
FIRST SELECT UAE LLC	United Arab Emirates	49.5%		P O Box 32634 Dubai United Arab Emirates
G4S ALARM MONITORING SERVICES LLC	United Arab Emirates	24.5%		P O Box 31859 Abu Dhabi United Arab Emirates
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) FZE	United Arab Emirates	100.0%		Unit 1 05 Street N B4 Airport Free Zone 54907 UAE United Arab Emirate
G4S EVENTS SERVICES UAE LLC	United Arab Emirates	48.5%		Dubai 215634 United Arab Emirates
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) DMCC	United Arab Emirates	100.0%		Unit No AI Mas 2 314 AI Mas Tower Plot No LT2 Jumeirah Lake Tower Dubai United Arab Emirates

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S REGIONAL MANAGEMENT CONSULTANCY ME DMCC	United Arab Emirates	100.0%		Unit no. 2403, JBC 5, Plot no. JLT-PH2-W1A, Jumeirah Lake Towers, Dubai, United Arab Emirates
G4S UK HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S HOLDINGS 3 (UK) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S TECHNOLOGY LTD	United Kingdom	100.0%		Challenge House, International Drive, Tewkesbury, Gloucestershire GL20 8UQ, United Kingdom
AMAG TECHNOLOGY LTD	United Kingdom	100.0%		Challenge House, International Drive, Tewkesbury, Gloucestershire GL20 8UQ, United Kingdom
G4S SECURITY SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
GROUP 4 LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S 084 (UK) LTD	United Kingdom	100.0%	99.80%	Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S GLOBAL HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S HOLDINGS 102 (UK) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
SECURICOR LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S INTERNATIONAL 105 (UK) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S AMERICAS (UK) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S AVIATION SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S AVIATION (FRANCE) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S INTERNATIONAL LOGISTICS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S SECURE SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S CASH SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S CASH CENTRES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S CARE AND JUSTICE SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S SPV HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S MP (UK) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S NOMINEES LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S INTERNATIONAL HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S GOVERNMENT SERVICES LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S TRUSTEES LTD*	United Kingdom	100.0%	100.0%	Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S FINANCE LTD	United Kingdom	100.0%	100.0%	5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
FIRST SELECT HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S POLICING SOLUTIONS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S GURKHA SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD, United Kingdom
G4S US HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S WORLDWIDE HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S DEFENCE SYSTEMS EURASIA LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S FSI HOLDINGS LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S HOLDINGS INTERNATIONAL (AG) LTD	United Kingdom	100.0%		5th Floor, Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom

* Pension trust not part of the consolidation

Subsidiaries continued

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
G4S HOLDINGS UK (AG) LTD	United Kingdom	100.0%		5th Floor Southside, 105 Victoria Street London SW1E 6QT United Kingdom
G4S FINANCE MANAGEMENT (AG) LTD	United Kingdom	100.0%		5th Floor, Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S RISK MANAGEMENT LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S SECURE SOLUTIONS (IRAQ) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S RISK CONSULTING LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S US INVESTMENTS LTD	United Kingdom	100.0%		5th Floor, Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S 308 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S 309 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S 182 (UK) LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S REGIONAL MANAGEMENT (UK&I) LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London, SW1E 6QT United Kingdom
G4S HOLDINGS 305 (UK) LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S FACILITIES MANAGEMENT (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S OVERSEAS HOLDINGS LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London, SW1E 6QT United Kingdom
G4S GOVERNMENT AND OUTSOURCING SERVICES (UK) LTD	United Kingdom	100.0%		Southside 105 Victoria Street London SW1E 6QT United Kingdom
STRATUS INTEGRATED SERVICES LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S HEALTH SERVICES (UK) LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London SW1E 6QT, United Kingdom
G4S CASH SOLUTIONS EMPLOYEES CRIMINAL ATTACK FUND LTD	United Kingdom	Limited by guarantee		Sutton Park House, 15 Carshalton Road Sutton Surrey SM1 4LD, United Kingdom
G4S ORDNANCE MANAGEMENT LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London, SW1E 6QT, United Kingdom
BG HOLDINGS (UK) LTD	United Kingdom	100.0%		5th Floor Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S INTERNATIONAL FINANCE PLC	United Kingdom	100.0%	100.0%	5th Floor, Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S CORPORATE SERVICES LTD	United Kingdom	100.0%	100.0%	5th Floor Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S INVESTIGATION SOLUTIONS (UK) LTD	United Kingdom	100.0%		Southside 105 Victoria Street London SW1E 6QT United Kingdom
G4S MONITORING TECHNOLOGIES NO 1 LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S FINANCE (SOUTH AFRICA) LIMITED	United Kingdom	100.0%	100.0%	Southside, 105 Victoria Street, London, SW1E 6QT United Kingdom
G4S MONITORING TECHNOLOGIES LTD	United Kingdom	100.0%		Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S FINANCE (BRAZIL) LTD	United Kingdom	100.0%	100.0%	5th Floor, Southside 105 Victoria Street London SW1E 6QT United Kingdom
G4S INVESTMENT LONDON LTD	United Kingdom	100.0%	100.0%	5th Floor, Southside 105 Victoria Street, London SW1E 6QT United Kingdom
G4S INTEGRATED SERVICES HOLDINGS LTD	United Kingdom	100.0%		Southside 105 Victoria Street London SW1E 6QT United Kingdom
G4S BULLION SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Park Road, Sutton, SM1 4LD, United Kingdom
G4S FIRE AND SECURITY SYSTEMS LTD	United Kingdom	100.0%		Site 16 Sydenham Business Park Airport Road West BELFAST BT3 9LN United Kingdom
G4S HOLDING ONE INC	United States	100.0%		27 Centerville Rd 19808 Wilmington DE, United States
G4S SECURE SOLUTIONS (USA) INC	United States	100.0%		1395 University Blvd, 33458 Jupiter FL, United States
G4S SECURE SOLUTIONS INTERNATIONAL INC	United States	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States
AMAG TECHNOLOGY INC	United States	100.0%		20701 Manhattan Place, 1829 Torrance, CA 90501 United States
TITANIA INSURANCE CO OF AMERICA	United States	100.0%		156 College Street, 3rd Floor 05401 VT, S, United States
TWC/FJ0 INC	United States	100.0%		4200 Wackenhut Drive Suite 100, Palm Beach Gardens, Florida, FL 33410 United States
TUHNEKCAW INC	United States	100.0%		900 Market Street, Suite 200 Wilmington Delaware, DA 1980 United States

43. Details of related undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by Group	% owned by plc	Registered address
AMERICAN GUARD & ALERT INC	United States	100.0%		4200 Wackenhut Drive Suite 100 Palm Beach Gardens, Florida, FL 33410 United States
WACKENHUT US PROPERTIES INC	United States	100.0%		2711 Centerville rd 19808 Wilmington DE, United States
WACKENHUT FOREIGN PROPERTIES INC	United States	100.0%		2711 Centerville rd, 19808 Wilmington DE, United States
G4S INTERNATIONAL LOGISTICS (USA), INC	United States	100.0%		Prologis Cargo Center 75, JFK International Airport, North Hangar Road, Suite 210 Jamaica 11430 New York, United States
VEBA TRUST	United States	100.0%		1395 University Blvd 33458 Jupiter, United States
WACKENHUT HOMELAND SECURITY INC	United States	100.0%		4200 Wackenhut Drive, Suite 100 FL 33410 Palm Beach Gardens Florida United States
SERVICE AND SUPPLY INTERNATIONAL INC	United States	100.0%		701 Brazos Suite 1050 78701 Austin Texas, United States
G4S COMPLIANCE & INVESTIGATIONS, INC	United States	100.0%		910 Paverstone Drive, 276 15 Raleigh NC, United States
G4S TECHNOLOGY HOLDINGS (USA) INC	United States	100.0%		21 North Avenue, Burlington, MA 01803 United States
G4S TECHNOLOGY SOFTWARE SOLUTIONS LLC	United States	100.0%		21 North Avenue, Burlington, MA 01803, United States
US DEFENSE SYSTEMS LLC	United States	100.0%		2711 Centerville Road, Suite 400, Wilmington DE, United States
RONCO CONSULTING CORPORATION	United States	100.0%		1209 Orange Street DE 19801 Wilmington Delaware United States
G4S US INC	United States	100.0%		4200 Wackenhut Drive Suite 100, FL 33410 Palm Beach Gardens Florida United States
G4S SECURE INTEGRATION LLC	United States	100.0%		1200 Landmark Center Ste 1300, 68102 Omaha, NE, United States
G4S GUATEMALA HOLDING, LLC	United States	100.0%		1395 University Blvd 33458 Jupiter Florida, United States
G4S ELECTRONICA HOLDING LLC	United States	100.0%		1395 University Blvd, 33458 Jupiter, Florida, United States
G4S GUATEMALA FACILITY SERVICES LLC	United States	100.0%		1395 University Blvd 33458 Jupiter, Florida United States
G4S RETAIL SOLUTIONS (USA) INC	United States	100.0%		2711 Centerville rd 19808 Wilmington DE United States
RENAISSANCE CENTER MANAGEMENT COMPANY	United States	90.9%		601 Abbot Rd 48823 Lansing United States
ADESTA LLC	United States	100%		1200 Landmark Center, Suite 1300, Omaha, NE 68102, United States
G4S SECURE SOLUTIONS (URUGUAY) S.A	Uruguay	80.0%		Cufre 2320 Montevideo, Uruguay
SETECSA DE VENEZUELA CA	Venezuela	30.0%		Los Ruices Sur, Calle Milan 0 3, Caracas, Venezuela, Venezuela
GROUP 4S SECURITY SERVICES YEMEN LTD	Yemen	75.0%		Off 50 Meter Road Hadda 805 Sana'a, Yemen
G4S SECURE SOLUTIONS ZAMBIA LTD	Zambia	100.0%		P.O Box 32914, 10 – Kabulonga Road, Lusaka Zambia
SAFETECH (COPPERBELT) LTD	Zambia	100.0%		Plot 3144, Mukwa Road, Lusaka Zambia
SAFETECH ZAMBIA LTD	Zambia	100.0%		Plot 7305, Kambalala Road, Lusaka Zambia

Holdings in other undertakings

Entities listed below are joint ventures, where the economic interest has been divested and are therefore not included in the consolidation

Company Name	Registered Address	% ordinary shares owned by Group
G4S INVESTMENTS LTD	3rd Floor Broad Quay House, Prince Street, Bristol BS1 4DJ, United Kingdom	6.78
G4S JOINT VENTURES LTD	3rd Floor, Broad Quay House Prince Street, Bristol BS1 4DJ, United Kingdom	6.78
ACCOMMODATION SERVICES (HOLDINGS) LTD	Challenge House, International Drive, Tewkesbury GL20 8UQ United Kingdom	8.39
INTEGRATED ACCOMODATION SERVICES PLC	Challenge House International Drive Tewkesbury, GL20 8UQ United Kingdom	8.39
EAST LONDON LIFT ACCOMODATION SERVICES LTD	Challenge House, International Drive Tewkesbury GL20 8UQ, United Kingdom	5.03
EAST LONDON LIFT COMPANY LTD	Challenge House, International Drive Tewkesbury GL20 8UQ, United Kingdom	5.03
EAST LONDON LIFT INVESTMENT LTD	Challenge House International Drive, Tewkesbury, GL20 8UQ United Kingdom	8.39
EAST LONDON LIFT HOLDCO NO2 LTD	Challenge House International Drive Tewkesbury, GL20 8UQ United Kingdom	5.03
EAST LONDON LIFT ACCOMMODATION SERVICES NO2 LTD	Challenge House, International Drive, Tewkesbury GL20 8UQ, United Kingdom	5.03
EAST LONDON LIFT HOLDCO NO4 LTD	Challenge House, International Drive Tewkesbury GL20 8UQ United Kingdom	5.03
EAST LONDON LIFT HOLDCO NO3 LTD	Challenge House International Drive Tewkesbury GL20 8UQ United Kingdom	5.03
ELLAS NO3 LTD	Challenge House, International Drive, Tewkesbury GL20 8UQ United Kingdom	5.03
ELLAS NO4 LTD	Challenge House, International Drive, Tewkesbury GL20 8UQ United Kingdom	5.03
G4S JOINT VENTURES (FAZAKERLEY) LTD	3rd Floor, Broad Quay House, Prince Street Bristol BS1 4DJ, United Kingdom	16.78
FAZAKERLEY PRISON SERVICES LTD	3rd Floor Broad Quay House, Prince Street Bristol BS1 4DJ, United Kingdom	6.78
G4S JOINT VENTURES (ONLEY) LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
ONLEY PRISON SERVICES LTD	3rd Floor, Broad Quay House, Prince Street Bristol, BS1 4DJ, United Kingdom	16.78

Holdings in other undertakings continued

Company Name	Registered Address	% ordinary shares owned by Group
OCHRE SOLUTIONS (HOLDINGS) LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	3.36
OCHRE SOLUTIONS LTD	3rd Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	3.36
NORTH WILTSHIRE SCHOOLS LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
UK COURT SERVICES (MANCHESTER) HOLDINGS LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
UK COURT SERVICES (MANCHESTER) LTD	3rd Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
WHITE HORSE EDUCATION PARTNERSHIP LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
HULL MATERNITY DEVELOPMENT LTD	3rd Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
HEALTHCARE PROVIDERS LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	6.78
ALBION HEALTHCARE (OXFORD) HOLDINGS LTD	3rd Floor Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	4.9
ALBION HEALTHCARE (OXFORD) LTD	3rd Floor, Broad Quay House, Prince Street, Bristol, BS1 4DJ, United Kingdom	4.9
LIFT HEALTHCARE INVESTMENTS LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	2.85
BEXLEY BROMLEY & GREENWICH LIFT COMPANY LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BBG HOLDCO LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BBG LIFT ACCOMMODATION SERVICES LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BBG LIFT HOLDCO (NO 2) LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BBG LIFT ACCOMMODATION SERVICES (NO 2) LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
BHH LIFT COMPANY LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BHH HOLDCO LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
BHH LIFT ACCOMMODATION SERVICES LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
HEALTHCARE IMPROVEMENT PARTNERSHIP (WOLVERHAMPTON CITY AND WALSALL) LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
WOLVERHAMPTON CITY AND WALSALL HOLDCO LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7.1
WOLVERHAMPTON CITY AND WALSALL LIFT ACCOMMODATION SERVICES LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
WALSALL HOLDCO LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
WALSALL LIFT ACCOMMODATION SERVICES LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	7
LONDON LIFTCO PS LTD	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	2.82

Associated companies

Company Name	% owned by Group	Profit or loss	Registered address
G4S SIC LLC	20	not material	395 University Blvd, 33458 Jupiter, Florida, United States
G4S PARSONS PACIFIC LLC	20	not material	7 2 Fairway Drive, Suite 301, 334 8 Palm Beach Gardens, Florida, United States

Joint ventures

Company Name	Registered address	% owned by Group undertakings	Factors on which joint management is based	Date of last financial year if not 31/12
PARKSEC LIMITED	Ent A, Level , Capital Business Centre, Triq ta Zwejt, SGN 3000 San Gwann, Malta	50	Joint venture agreement	
PACIFIC BUILDING SERVICES MANAGEMENT LIMITED (JV)	Level 6, Era Rumana Building, Champions Parade, Port Moresby, Papua New Guinea	50	director appointed to the board	
BRIDGEND CUSTODIAL SERVICES LIMITED	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	58.45	Joint venture agreement	30th September
BLOEMFONTEIN CORRECTIONAL CONTRACTS (PTY) LIMITED	Byls Bridge Office Park, Building , 3 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa	20	Joint venture agreement	30th September
POLICITY – OPERATOR LIMITED	Virginia , Beit Shemesh, Israel	50	Joint venture agreement	
FORBES G4S SOLUTIONS PVT LTD	C 6, Community Centre, Janakpuri, Behind Janak Cinema, 0058 New Delhi, India	50	Joint venture agreement	
GROUP 4 S SECURITY SOLUTIONS CO WLL	PO Box 22063, 308 Safat, Kuwait	48.5	Joint venture agreement	
AL MULLA SECURITY SERVICES CO WLL	PO Box 7, 3002 Safat, Kuwait	49	Joint venture agreement	
G4S QATAR SPC	Villa no 32, Corner of Abdullah Bin Rawaha Street, C Ring Road, PO Box 8592 Doha, Qatar	0	Joint venture agreement	
BUSINESS CASH CENTER SA	Parc Industrie de la CFCIM, Lot No63 Bouskoura, Casablanca, Morocco	45.7	Joint venture agreement	
TS TOTAL INTEGRATED SERVICES LTD	Dianiras 7, 2045 Strovolos, Nicosia, PO Box 23989, 687 Nicosia, Cyprus	50	Joint Venture Agreement	
FORBES G4S SOLUTIONS Pvt LTD	C 6 Community Centre, Janakpuri, Behind Janak Cinema, 0058 New Delhi, India	50	Joint Venture Agreement	

Parent company statement of changes in equity

For the year ended 31 December 2017

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Reserve for own shares £m	Total equity £m
At 1 January 2017	**388**	**258**	**945**	–	**(13)**	**1,578**
Comprehensive income:						
Profit for the year	–	–	**87**	–	–	**87**
Other comprehensive (expense)/income:						
Change in fair value of cash-flow hedging financial instruments	–	–	–	(4)	–	(4)
Cash-flow hedging fair value transferred to income statement	–	–	–	4	–	4
Re-measurements relating to defined retirement benefit scheme	–	–	40	–	–	40
Tax on items taken directly to equity	–	–	(7)	–	–	(7)
Total comprehensive income	–	–	**120**	–	–	**120**
Transactions with owners:						
Dividends paid	–	–	(145)	–	–	(145)
Own shares awarded	–	–	(11)	–	11	–
Own shares purchased	–	–	–	–	(10)	(10)
Share-based payments	–	–	9	–	–	9
	–	–	(147)	–	1	(146)
At 31 December 2017	**388**	**258**	**918**		**(12)**	**1,552**

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Reserve for own shares £m	Total equity £m
At 1 January 2016	388	258	1,102	–	(16)	1,732
Comprehensive income:						
Profit for the year	–	–	122	–	–	122
Other comprehensive (expense)/income:						
Change in fair value of cash-flow hedging financial instruments		–	–	7	–	7
Cash-flow hedging fair value transferred to income statement	–		–	(7)		(7)
Re-measurements relating to defined retirement benefit scheme	–		(162)	–		(162)
Tax on items taken directly to equity	–	–	21	–	–	21
Total comprehensive loss		–	(19)		–	(19)
Transactions with owners:						
Dividends paid	–	–	(145)	–	–	(145)
Own shares awarded	–		(3)	–	3	–
Share-based payments		–	10		–	10
	–	–	(138)	–	3	(135)
At 31 December 2016	388	258	945		(13)	1,578

Parent company statement of financial position
At 31 December 2017

	Notes	2017 £m	2016 £m
ASSETS			
Non-current assets			
Intangible assets	(d)	**4**	7
Investments in subsidiaries	(e)	**3,098**	3,045
Trade and other receivables	(f)	**11**	32
Retirement benefit surplus	(j)	**80**	75
Deferred tax assets	(k)	**99**	118
		3,292	3,277
Current assets			
Trade and other receivables	(f)	**1,358**	1,660
Cash and cash equivalents		**14**	1
		1,372	1,661
Total assets		**4,664**	4,938
LIABILITIES			
Current liabilities			
Loan notes (unsecured)	(g)	**(210)**	(165)
Current tax liability		**(5)**	(5)
Trade and other payables	(h)	**(1,964)**	(1,934)
		(2,179)	(2,104)
Non-current liabilities			
Loan notes (unsecured)	(g)	**(603)**	(861)
Retirement benefit obligations	(j)	**(330)**	(395)
		(933)	(1,256)
Total liabilities		**(3,112)**	(3,360)
Net assets		**1,552**	1,578
EQUITY			
Share capital	(l)	**388**	388
Share premium		**258**	258
Retained earnings	(m)	**918**	945
Reserve for own shares	(n)	**(12)**	(13)
Total equity		**1,552**	1,578

1 The profit for the financial year was £8[illegible]m (2016 £122m)

The parent company financial statements were approved by the board of directors and authorised for issue on 8 March 2018

They were signed on its behalf by

Ashley Almanza
Director

Tim Weller
Director

Notes to the parent company financial statements

(a) General information

G4S plc (the 'company') is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a public company limited by shares. The company's registered office is given on page 2[illegible]2. The company's principal activities during the year have been as a holding company.

The financial statements are presented in sterling, which is the company's functional currency, and in millions of pounds.

(b) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 - Reduced Disclosure Framework.

(c) Significant accounting policies

Basis of preparation

The financial statements have been prepared under the going concern basis and using the historical cost convention, except for the revaluation of certain financial instruments, in accordance with Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')). The principal accounting policies and measurement bases adopted are the same as those disclosed in note 3 to the consolidated financial statements, except as noted below, and have been applied consistently to all the years presented, unless stated otherwise. Judgments made by the directors in the application of these accounting policies which have a significant effect on the financial statements and estimates with a significant risk of material adjustment, have been disclosed in note 4 to the consolidated financial statements.

Going concern

Pages 132 to 200 of the consolidated financial statements contain information on the performance of the Group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities is given in note 31 to the consolidated financial statements, Financial risk. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Exemptions

In accordance with section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own income statement.

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.

These disclosure exemptions relate to:

- the requirements of IAS 7 – Statement of Cash Flows;
- the statement of compliance with International Financial Reporting Standards adopted by the European Union;
- new IFRSs that have been issued but are not yet effective and which have not been applied by the company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets and certain other additional comparative information;
- information on the assumptions used in the determination of fair value and recoverable amounts of cash-generating units containing goodwill and management's approach to determining these amounts;
- financial instruments disclosures required by IFRS 7 – Financial Instruments: Disclosures;
- disclosures required by IFRS 13 – Fair Value Measurement;
- certain related-party disclosures on key management compensation and transactions entered into between two or more wholly owned members of a Group; and
- capital management disclosures.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for impairment. The accounting policy for impairments is disclosed in note 3(j) to the consolidated financial statements.

Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings 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.

Impairment of financial assets

The company provides for impairments in financial assets when there is objective evidence of impairment as a result of one or more events that impact the estimated future cash flows of the financial assets.

Share-based payments

The company issues equity-settled share-based payments to certain employees. The fair value of equity settled share-based payments is determined at the date of grant and is either expensed or capitalised as an investment in the relevant subsidiary, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest. The amount expensed or capitalised is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

The company also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date on which the liability is settled. The fair value of cash settled share-based payments is expensed in the income statement if it relates to employees of the company and capitalised as an investment in the relevant subsidiary if it relates to employees of a subsidiary company.

Financial guarantees

The company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The company considers these to be insurance arrangements and accounts for them as such. The company therefore treats such contracts as a contingent liability unless and until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(d) Intangible assets

	Software £m
Cost	
At 1 January 2017	15
Write-off of fully amortised intangible assets	(3)
At 31 December 2017	**12**
Accumulated amortisation	
At 1 January 2017	(8)
Amortisation charge	(3)
Write-off of fully amortised intangible assets	3
At 31 December 2017	(8)
Carrying amount	
At 1 January 2017	7
At 31 December 2017	4

(e) Investments in subsidiaries

Subsidiary undertakings	2017 £m	2016 £m
Shares at net book value:		
At 1 January	**3,045**	3,039
Additions	**46**	-
Contribution through share-based payments	**7**	6
At 31 December	**3,098**	3,045

Full details of all investments held by the parent company are disclosed in note 43 to the consolidated financial statements. During the year ended 31 December 2017 there were no impairment charges recorded in respect of the company's investments in subsidiaries (2016: nil).

(f) Trade and other receivables

	2017 £m	2016 £m
Within current assets		
Amounts owed by Group undertakings	**1,341**	1,652
Other receivables	**3**	-
Derivative financial instruments at fair value (note (i))	**14**	8
Total trade and other receivables included within current assets	**1,358**	1,660

	2017 £m	2016 £m
Within non-current assets		
Derivative financial instruments at fair value (note (i))	**11**	32
Total trade and other receivables included within non-current assets	**11**	32

Amounts owed by Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

(g) Loan notes (unsecured)

	2017 £m	2016 £m
The loan notes are repayable as follows:		
On demand or within one year	**210**	165
In the second year	**461**	226
In the third to fifth years inclusive	**142**	536
After five years	–	99
Total loan notes	**813**	1,026

The company issued fixed-rate loan notes in the US Private Placement market totalling US$550m on 1 March 2007. US$100m of these notes matured and were repaid on 1 March 2014, US$200m of these notes matured and were repaid on 1 March 2017 and the remaining notes mature in March 2019 (US$145m) and March 2022 (US$105m).

The company issued further fixed-rate loan notes in the US Private Placement market totalling US$514m and £69m on 15 July 2008. US$65m of these notes matured and were repaid on 15 July 2013, US$150m matured and were repaid on 15 July 2015, £25m matured and were repaid on 15 July 2016. The remaining notes mature in July 2018 (US$224m and £44m), and July 2020 (US$75m).

The company issued its inaugural public note of £350m using its European Medium Term Note Programme on 13 May 2009. The note matures in May 2019.

The loan notes issued in July 2008 and May 2009 are stated at amortised cost. The loan notes issued in March 2007 are stated at amortised cost but are designated in a fair-value hedge relationship which has a fair value adjustment in relation to the hedged interest-rate risk. Information on the significant assumptions underlying the valuation model used and the interest rates on the borrowings are disclosed in note (i). Derivatives relating to the loan notes, described in note (i), have a fair value gain of £12m (2016: £16m). The management of currency risk and interest-rate risk is also described in note (i).

(h) Trade and other payables

	2017 £m	2016 £m
Within current liabilities:		
Amounts owed to Group undertakings	**1,927**	1,913
Other taxation and social security costs	**2**	2
Accruals	**30**	15
Other payables	**5**	4
Total trade and other payables	**1,964**	1,934

Amounts owed to Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

(i) Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

	2017 Assets £m	2016 Assets £m	2017 Liabilities £m	2016 Liabilities £m
Cross-currency swaps designated as cash-flow hedges	12	16	–	
Interest-rate swaps designated as fair-value hedges	13	24	–	–
Total	25	40	–	–
Less: amount due for settlement within 12 months (shown under current assets and current liabilities)				
Cross-currency swaps designated as cash-flow hedges	(12)	(1)	–	
Interest-rate swaps designated as fair-value hedges	(2)	(7)	–	–
	(14)	(8)	–	–
Amount due for settlement after 12 months	11	32	–	–

The mark-to-market valuation of the derivatives has decreased by £15m (2016: decreased by £5m), dealt with as follows:

	2017 Income statement £m	2016 Income statement £m	2017 Comprehensive income £m	2016 Comprehensive income £m
Cross-currency swaps designated as cash-flow hedges	–	–	(4)	7
Interest-rate swaps designated as fair-value hedges	(11)	(12)	–	–
	(11)	(12)	(4)	7

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). The source of the market prices is Bloomberg and in addition the third-party relationship counterparty banks. The relevant currency yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the reporting date. This value is compared to the original transaction value, giving a fair-value of the instrument at the reporting date.

The fair value of derivative financial instruments is calculated using a discounted cash flow approach and using inputs based on observable market data. Judgment is used to determine the relevant inputs, currency yield curves and discount rates. Although these judgments, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Currency risk and cross-currency swaps

The Group conducts business in many currencies. The Group presents its consolidated financial statements in Sterling and as a consequence is subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries. The company, together with its subsidiary G4S International Finance plc, hedges a substantial portion of the Group's exposure to fluctuations in the translation into Sterling of the Group's overseas net assets by holding loans in foreign currencies and cross-currency swaps. On consolidation, translation adjustments arising on the translation of foreign currency loans and changes in the fair value of the cross-currency swaps meeting hedge accounting criteria are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net-investment hedges. However, in the company's own financial statements, translation adjustments arising on the translation of foreign currency loans are recognised in the income statement and are in part hedged by cross-currency swaps.

Cross-currency swaps with a nominal value of £25m are outstanding. These swaps were arranged to hedge the foreign currency risk on US$50m of the second US Private Placement notes issued in July 2008, effectively fixing the Sterling value on this portion of debt at an exchange rate of 1.9750. These swaps will mature in July 2018.

(i) Derivative financial instruments *continued*

Interest-rate risk and interest-rate swaps

Borrowings issued at fixed rates expose the company to fair value interest-rate risk, which the company manages within policy limits approved by the directors. When fixed/floating interest-rate debt in the preferred mix is unavailable directly from investors, interest-rate swaps are utilised to create the desired blend in accordance with Treasury policy, with the proportion of fixed interest rate held reducing on a sliding scale over forward periods up to a maximum of five years. The quantity of interest-rate swaps outstanding in the Company is expected to continue to decline as treasury activity is increasingly conducted by G4S International Finance plc.

The US Private Placement market is predominantly a fixed-rate market, with investors preferring a fixed-rate return over the life of the loan notes. At the time of the first issue in March 2007, the Group was comfortable with the proportion of floating-rate exposure not hedged by interest-rate swaps and therefore rather than take on a higher proportion of fixed-rate debt, it arranged fixed-to-floating swaps, effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is LIBOR + 60bps. These swaps have been documented as fair-value hedges of the US Private Placement fixed-interest loan notes, with the movements in their fair value posted to profit and loss at the same time as the movement in the fair value of the hedged item. The swaps with a nominal value of US$200m matured in 2017 with the remainder of US$145m maturing in 2019 and US$105m maturing in 2022.

The interest on the US Private Placement notes issued in July 2008, and on the £350m public notes issued in May 2009, was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008, and on all of the £350m public notes issued in May 2009, was swapped from fixed to floating for a period of three years using derivatives. These swaps matured in 2017.

The £350m public notes have a coupon step-up of 1.25%, which is triggered should the credit rating of the company fall below investment grade.

(j) Retirement benefit obligations

The company is the sponsoring company for the Group's UK defined benefit pension scheme, to which it provides a guarantee over all payments to be made to the scheme by the operating companies. The following disclosures relate to the UK scheme only and are given because the disclosures in note 32 of the group financial statements refer to the consolidated Group position and include certain non-UK schemes.

The amounts recognised in the statement of financial position and the various components of income, other comprehensive income and cash flow are as follows:

2017	Obligation £m	Assets £m	Deficit £m
At 1 January 2017	**(2,659)**	**2,339**	**(320)**
Amounts recognised in income			
Current service cost (in cost of sales)	**(4)**	**–**	**(4)**
Interest on obligations and assets (in finance costs)	**(65)**	**58**	**(7)**
Administration costs paid from plan assets (in administration expenses)	**(2)**	**–**	**(2)**
Total amounts recognised in income	**(71)**	**58**	**(13)**
Re-measurements			
Actuarial loss – change in financial assumptions	**32**	**–**	**32**
Actuarial gain – change in demographic assumptions	**(2)**	**–**	**(2)**
Actuarial gain – experience	**15**	**–**	**15**
Return on assets in excess of interest	**–**	**(5)**	**(5)**
Re-measurement effects recognised in other comprehensive income	**45**	**(5)**	**40**
Cash			
Employer contributions	**–**	**43**	**43**
Benefits paid from plan assets	**90**	**(90)**	**–**
Net cash	**90**	**(47)**	**43**
At 31 December 2017[1]	**(2,595)**	**2,345**	**(250)**

1 Retirement benefit surplus £80m and retirement benefit obligation £330m.

(j) Retirement benefit obligations *continued*

2016	Obligation £m	Assets £m	Deficit £m
At 1 January 2016	(2,218)	2,029	(189)
Amounts recognised in income			
Current service cost (in cost of sales)	(4)		(4)
Interest on obligations and assets (in finance costs)	(82)	76	(6)
Administration costs paid from plan assets (in administration expenses)	(2)		(2)
Total amounts recognised in income	(88)	76	(12)
Re-measurements			
Actuarial loss – change in financial assumptions	(539)		(539)
Actuarial gain – change in demographic assumptions	82	-	82
Actuarial gain – experience	22	-	22
Return on assets in excess of interest	–	273	273
Re-measurement effects recognised in other comprehensive income	(435)	273	(162)
Cash			
Employer contributions		43	43
Benefits paid from plan assets	82	(82)	–
Net cash	82	(39)	43
At 31 December 2016	(2,659)	2,339	(320)

1 Retirement benefit surplus £79m and retirement benefit obligation £399m

Employer contributions in 2017 included £40m (2016: £39m) of additional contributions in respect of the deficit in the UK scheme.

(k) Deferred tax assets

The reconciliation of deferred tax assets is as follows:

	Intangible assets £m	Retirement benefit obligation £m	Share-based payments £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2017	1	57	2	58	–	118
Credit (charge) to the income statement	–	(6)	–	(9)	2	(13)
Credit to equity	–	(8)	–	–	1	(7)
Charge to equity – change in tax rate	–	1	–	–	–	1
At 31 December 2017	**1**	**44**	**2**	**49**	**3**	**99**
At 1 January 2016		36	1		6	43
Credit (charge) to the income statement			1	58	(6)	54
Credit to equity		24	–	-		24
Charge to equity – change in tax rate	-	(3)	–			(3)
At 31 December 2016		57	2	58		118

At 31 December 2017, the company had unutilised tax losses of approximately £271m (2016: £298m) potentially available for offset against future profits. A deferred tax asset of £49m (2016: £58m) has been recognised in respect of approximately £271m (2016: £298m) of gross losses based on expected/forecast profitability from approved budgets and business plans. The recognition of deferred tax assets on tax losses is predicated on the projected generation of income in the company which should result in the utilisation of the available tax losses within a foreseeable period. This income stream is driven by the current and future global results of the Group in line with business plans. The timing of recognition of the tax losses as a deferred tax asset in 2017 was supported by the improved profit profile of the company which itself is underpinned by the continuing progress of the Group's transformation strategy to generate future sustainable profitable growth.

As at 31 December 2017, the company has capital losses available to carry forward of approximately £2.6bn (2016: £0.14bn). These losses have no expiry date and have not been agreed with the relevant tax authorities. No deferred tax assets have been recognised in respect of these losses on the basis that the likelihood of their future utilisation is considered to be remote.

(l) Share capital

Disclosures on the share capital of the company have been disclosed in note 35 to the consolidated financial statements

(m) Retained earnings

Included in the Company's retained earnings is £885m (2016 £918m) of distributable profits

(n) Reserve for own shares

Disclosures on the reserve for own shares of the company have been disclosed in note 36 to the consolidated financial statements

(o) Auditor's remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements have been disclosed in note 10 to the consolidated financial statements

(p) Staff costs and employees

The average monthly number of employees, including executive directors, was

	2017 Number	2016 Number
Average number of employees (corporate)	**19**	21

The aggregate remuneration of employees, including executive directors, employed by the company comprised

	2017 £m	2016 £m
Wages and salaries	**7**	10
Social security costs	**1**	2
Employee benefits	**6**	7
Total staff costs	**14**	19

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 93 to 115

(q) Share-based payments

The Company has both equity-settled and cash-settled share-based payment schemes in place, being the conditional allocations of G4S plc shares An Employee Benefit Trust established by the Group holds shares to satisfy the vesting of conditional allocation awards Share-based payments disclosures relevant to the company are presented within note 39 to the consolidated financial statements

(r) Related-party transactions

Certain disclosures relevant to the company are presented within note 40 to the consolidated financial statements Company transactions with Group undertakings primarily consist of royalty charges, central service charges and loan transactions

There were no material transactions with non-wholly-owned Group undertakings or with other external related parties in 2017 (2016 none)

(s) Contingent liabilities

To help secure cost-effective finance facilities for its subsidiaries, the company issues guarantees to some of its finance providers At 31 December 2017 guarantees totalling £466m (2016 £470m) were in place in support of such facilities

The company also guarantees the debt obligations of certain subsidiaries At 31 December 2017 contingent liabilities on guarantees of £1,333m (2016 £1,367m) were outstanding in support of such debt obligations

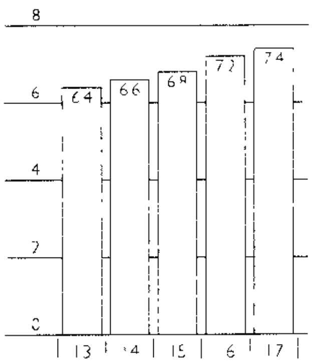
(t) Dividends

Amounts recognised as distributions to equity holders of the company in the year have been disclosed in note 14 to the consolidated financial statements

Group financial record

GROUP FINANCIAL RECORD

Revenue* (£bn)

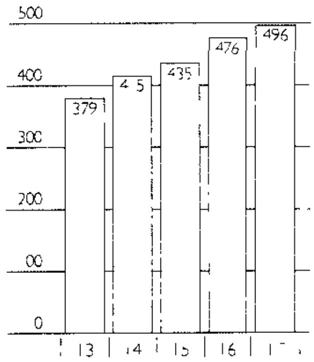


Revenue* at constant exchange rates

£7.4bn

G4S revenue has grown 17% since June 2013

Adjusted PBITA* (£m)

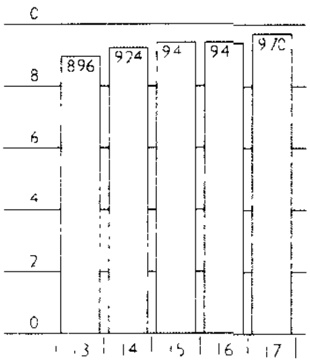


Adjusted PBITA* at constant exchange rates

£496m

Adjusted PBITA defined as profit before interest, tax and amortisation and excluding specific and other separately disclosed items, has increased 31% since 2013

Dividend (pence per share)

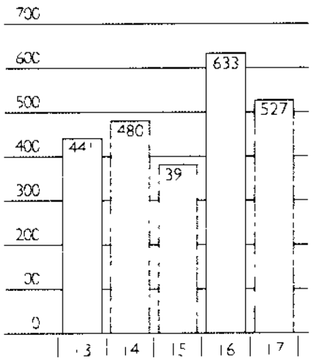


Dividend

9.70p

The total dividend was increased 31% in 2017

Operating cash flow (£m)

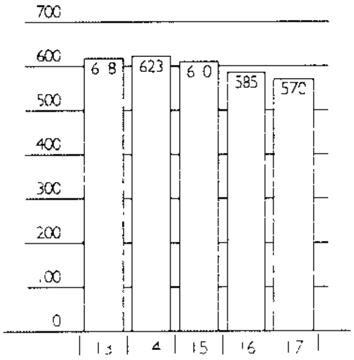


Operating cash flow*

£527m

Operating cash flow has grown 20% since 2013

Employees ('000) as at 31 December 2017



Employees as at 31 December 2017

570,000

(including joint ventures and businesses held for sale or closure)

* Revenue, Adjusted PBITA and operating cash flow relate to the Group's core businesses excluding results from businesses held for sale or closure, onerous contracts and specific and other separately disclosed items. A reconciliation between results from core businesses and statutory results is provided on page 44

General information

Financial calendar

Results announcements
Q1 Trading update – May
Half-year results – August
Q3 Trading update – November
Final Results – March

Dividend payment
Interim paid – 13 October 2017
Final payable – 15 June 2018

Annual General Meeting
15 May 2018

Corporate addresses

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Southside
105 Victoria Street
London
SW1E 6QT
Telephone +44 (0)207 963 3100

Registered number
4992207

Legal Entity Identifier code
549300_3KVVKK8X35QR[illegible]

Auditor (since 2015 AGM)
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Stockbrokers
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Financial advisors
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

G4S website
g4s.com

General shareholder information

Registrars and transfer office
All enquiries relating to the administration of shareholdings should be directed to:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone within the UK 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the UK call +44 (0)371 664 0300. Calls from outside the UK will be charged at the applicable international rate)
Fax: +44 (0) 1484 600 91[illegible]
Email: enquiries@linkgroup.co.uk
Secure shareholder portal:
www.signalshares.com

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the company or the company's registrar.

Link shareholder portal
Signal shares is an online facility provided by the company's registrars, Link Asset Services, for shareholders to manage their holding securely online, reducing the need for paperwork. By registering for a free portal account, shareholders are able to access a range of online facilities 24 hours a day including those described below:

View account holding details
Allows shareholders to access their personal account, shareholding balance, share transaction history, indicative share valuation and dividend payment history. It also enables shareholders to buy and sell shares.

Change of address, bank mandates, downloadable forms
Allows shareholders to update their postal address and complete, change or delete bank mandate instructions for dividends. A wide range of shareholder information, including downloadable forms such as stock transfer forms, is also available.

Dedicated helpline
Link Asset Services also has a helpline to help users with all aspects of the service. The numbers are noted above. Lines are open 8.30am to 5.30pm Monday to Friday.

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