

Registration number 00354883

G4S Cash Solutions (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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G4S Cash Solutions (UK) Limited

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G4S Cash Solutions (UK) Limited

Company Information

Directors
W Hoyne
J Nelson
J W Lennox
T L Norton

Company secretary V Patel

Registered office
Sutton Park House
15 Carshalton Road
Sutton
Surrey
SM1 4LD

Independent Auditors PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

G4S Cash Solutions (UK) Limited

Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Fair review of the business

The company is a wholly owned subsidiary of G4S plc and operates as part of its European cash services division.

The cash solutions business covers a wide range of services including:

- Cash management outsourcing
- Cash consulting
- ATM management
- Retail cash management (CASH360™) / Retail Solutions
- International transportation

The market in which the company operates is highly regulated and the business requires complex infrastructure and significant expertise. Our strategy assumes that digital payment technology will continue to grow in developed markets and gain traction in emerging markets in the medium term.

As shown on the company's income statement on page 11, the company's sales have decreased by 14% to £208,021,000 (2014: £240,908,000). Cost of sales decreased 21% to £156,148,000 (2014: £197,603,000) leading to a net increase in the gross profit margin to 25% from 18% in 2014. One of the driver of these cost savings has been route scheduling and optimisation programmes.

Restructuring costs of £8,834,000 (2014: £5,148,000) are included in the income statement, these costs represent investment in restructuring programmes relating to the multi-year efficiency programme of G4S plc group. During 2014 and 2015 these programmes have focused on transforming the operating model.

The company has net assets of £78,701,000 (2014: £83,961,000) at 31 December 2015.

Use of cash in the United Kingdom will continue to diminish structurally, driven by the penetration of non-cash payments, and the trend towards minimising costs among retail and central banks.

This structural decline will encourage trends to extract greater efficiencies in cash handling across the counting, sorting, storing and re-distribution cycle. We believe additional outsourcing opportunities are expected to emerge, particularly in high-street banking. Across the retail sectors structural declines in cash volumes over the medium term will accelerate the adoption of services to fully outsource cash processing, offering retailers efficiencies and working capital advantages through products which process and credit cash balances in store.

G4S Cash Solutions (UK) Limited

Strategic Report for the Year Ended 31 December 2015

Transition to FRS 101

Between 2012 and 2015 the Financial Reporting Council revised financial reporting standards for the United Kingdom and Republic of Ireland. The revision fundamentally reformed financial reporting, replacing all previous accounting standards with Financial Reporting Standard ('FRS') 100 'Application of Financial Reporting Requirements' and other related standards, which are applicable from 1 January 2015.

Under FRS 100, the company has elected to apply FRS 101 'Reduced Disclosure Framework' in its annual financial statements for the year ended 31 December 2015. FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards adopted by the European Union ('adopted IFRSs').

The date of transition from the previous accounting standards to FRS 101 was 1 January 2014. Comparable historical financial information has therefore been provided in accordance with FRS 101 as at 1 January 2014 and as at, and for the year ended, 31 December 2014. FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101. An explanation of these and how the transition affected the previously reported financial position and financial performance of the company has been disclosed in note 28 to the financial statements. Prior year errors identified during the transition to FRS 101 have also been disclosed in note 28.

The company has early-adopted certain amendments to FRS 100 and FRS 101, and early-adopted The Companies, Partnerships, and Groups (Accounts and Reports) Regulations 2015 ('SI 2015/980') from 1 January 2015. SI 2015/980 allowed, among other items, the format of the financial statements to be presented in accordance with adopted IFRSs instead of the Companies Act 2006.

Key performance indicators

The company utilises a wide range of operational performance measures across its business activities. However, these are all activity or contract specific. The company's directors do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

G4S Cash Solutions (UK) Limited

Strategic Report for the Year Ended 31 December 2015

Principal risks and uncertainties

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. The key risks are those which would materially damage the company's strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that other currently considered immaterial become material.

1) Major changes in market dynamics

Such changes in dynamics could include new technologies, government legislation or customer consolidation and could, particularly if rapid or unpredictable, impact the company's revenues and profitability.

2) Financial institution in-sourcing

The company provides a range of cash services to financial institutions. If the trend towards the outsourcing of such services were for any reason to be reversed the company's revenue and profitability would be adversely affected.

3) IT systems

The company makes widespread use of IT systems both in its operations and for financial management. Failure in these systems, including the failure of business continuity procedures in the event of physical damage to or inaccessibility of normal systems, could result in reputational damage and the loss of revenue and profitability.

4) Deterioration in labour relations

The company has a good relationship with its committed work force. If this relationship were to deteriorate the company's operational performance and reputation may be adversely affected.

Approved by the Board on 21 October 2016 and signed on its behalf by:



J Nelson
Director

G4S Cash Solutions (UK) Limited

Directors' Report for the Year Ended 31 December 2015

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

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

W Hoynes (appointed 16 April 2015)

J Nelson (appointed 16 April 2015)

C Ball (appointed 16 April 2015 and resigned 31 December 2015)

M Brown (resigned 16 April 2015)

B Evans (appointed 17 February 2015 and resigned 30 September 2015)

D Faithfull (resigned 16 April 2015)

K O'Connor (resigned 21 January 2015)

V Woodison (resigned 16 April 2015)

The following directors were appointed after the year end:

J W Lennox (appointed 14 January 2016)

T L Norton (appointed 14 January 2016)

Results and dividends

The results for the year are set out on page 11. The directors do not recommend the payment of a final dividend (2014: £nil). A review of the progress of the company's business during the year, the key performance indicators, principal business risks and likely future developments are contained in the Strategic report on page 2.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company received a financial support letter from a parent company to provide sufficient financial assistance to the company if and when it is needed to enable the company to continue its operations and fulfil its currently anticipated financial obligations now and in the future. This undertaking is provided for a period of at least 12 months provided the company remains a member of the parent company's group.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on a parent undertaking for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Employment of disabled persons

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

G4S Cash Solutions (UK) Limited

Directors' Report for the Year Ended 31 December 2015

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

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

Employee involvement

The company is committed to inform and involve its staff in the business of the company. Formal consultative committees exist to ensure that issues of mutual interest can be discussed and resolved. Company newsletters, employee magazines and other communications are used to keep staff informed of events within the company.

Environmental matters

The company's business is not one that has a significant direct impact on the environment. However, the company recognises the importance of its responsibilities to reduce environmental impact in such areas as energy usage, recycling, environmentally-friendly products and paper products, where it operates in accordance with the policies of G4S plc as detailed in the group's annual report.

Financial Risk Management

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

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

Further details of the financial risk management objectives and policies of the G4S plc group, of which the company is a member, are included in Note 31 of the consolidated financial statements of G4S plc (www.g4s.com).

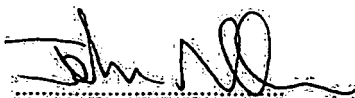
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Auditors

During the year KPMG Audit Plc resigned as the company's auditors. A resolution was passed by the company to appoint PricewaterhouseCoopers LLP as the company's auditors. Pursuant to the provisions of section 485 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to be reappointed following the period set out in section 485 and in accordance with section 487 of the Companies Act 2006.

Approved by the Board on 21 October 2016 and signed on its behalf by:



J Nelson
Director

G4S Cash Solutions (UK) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

G4S Cash Solutions (UK) Limited

Independent Auditors' Report to the members of G4S Cash Solutions (UK) Limited

Report on the financial statements

Our opinion

In our opinion, G4S Cash Solutions (UK) Limited's financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- Income Statement and Statement of Comprehensive Income for the year ended 31 December 2015;
- Statement of Changes in Equity for the year then ended;
- Statement of Financial Position as at 31 December 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

G4S Cash Solutions (UK) Limited

Independent Auditors' Report to the members of G4S Cash Solutions (UK) Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

G4S Cash Solutions (UK) Limited

Independent Auditors' Report to the members of G4S Cash Solutions (UK) Limited

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

1 Embankment Place
London
WC2N 6RH

Date: 21 October 2016

G4S Cash Solutions (UK) Limited

Income Statement for the Year Ended 31 December 2015

		2015	(As restated*)
	Note	£ 000	2014 £ 000
Revenue	5	208,021	240,908
Cost of sales		<u>(156,148)</u>	<u>(197,603)</u>
Gross profit		51,873	43,305
Administrative expenses		<u>(45,637)</u>	<u>(59,624)</u>
Restructuring costs		<u>(8,834)</u>	<u>(5,148)</u>
Operating loss	6	<u>(2,598)</u>	<u>(21,467)</u>
Net finance expense	8	<u>(465)</u>	<u>(1,377)</u>
Loss before tax		<u>(3,063)</u>	<u>(22,844)</u>
Tax on loss	12	<u>6,323</u>	<u>4,662</u>
Profit/(loss) for the year		<u>3,260</u>	<u>(18,182)</u>

*See note 28 for an explanation of prior year adjustments.

All revenues and results in the income statement derived only from continuing operations.

G4S Cash Solutions (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	2015 £ 000	2014 £ 000
Profit/(loss) for the year (as restated*)	<u>3,260</u>	<u>(18,182)</u>
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Change in fair value of cash flow hedging financial instruments	(473)	(1,641)
Cash flow hedging fair value transferred to the income statement	1,055	258
Tax on items taken directly to equity	<u>(132)</u>	<u>277</u>
Other comprehensive income/(loss), net of tax	<u>450</u>	<u>(1,106)</u>
Total comprehensive loss for the year	<u><u>3,710</u></u>	<u><u>(19,288)</u></u>

*See note 28 for an explanation of prior year adjustments.

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015 (as restated*)	116,000	(1,078)	(33,269)	81,653
Comprehensive income:				
Profit for the year	-	-	3,260	3,260
Other comprehensive income:				
Change in fair value of cash flow hedging financial instruments	-	(473)	-	(473)
Cash flow hedging fair value transferred to the income statement	-	1,055	-	1,055
Tax on items taken directly to equity	-	(132)	-	(132)
Total comprehensive income/(loss)	-	450	3,260	3,710
Transactions with owners:				
Share-based payments	-	-	(20)	(20)
At 31 December 2015	116,000	(628)	(30,029)	85,343

At 1 January 2014 (as restated*)	116,000	28	(15,181)	100,847
Comprehensive income:				
Loss for the year (as restated*)	-	-	(18,182)	(18,182)
Other comprehensive income:				
Change in fair value of cash flow hedging financial instruments	-	(1,641)	-	(1,641)
Cash flow hedging fair value transferred to the income statement	-	258	-	258
Tax on items taken directly to equity	-	277	-	277
Total comprehensive loss	-	(1,106)	(18,182)	(19,288)
Transactions with owners:				
Share-based payments	-	-	94	94
At 31 December 2014 (As restated*)	116,000	(1,078)	(33,269)	81,653

*See note 28 for an explanation of prior year adjustments.

The notes on pages 16 to 46 form an integral part of these financial statements.

(Registration number: 00354883)
Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	(As restated)* 2014 £ 000
ASSETS			
Non-current assets			
Intangible assets	13	7,100	7,348
Property, plant and equipment	14	106,429	117,906
Deferred tax assets	12	12,053	7,001
		<u>125,582</u>	<u>132,255</u>
Current assets			
Inventories	16	7,574	8,427
Trade and other receivables	17	46,795	51,235
Current tax assets		5,815	4,219
Cash and cash equivalents		<u>1,772</u>	<u>6,759</u>
		<u>61,956</u>	<u>70,640</u>
Total assets		<u>187,538</u>	<u>202,895</u>
LIABILITIES			
Current liabilities			
Obligations under finance leases	21	(3,730)	(5,464)
Trade and other payables	18	(79,699)	(93,234)
Provisions	19	<u>(3,920)</u>	<u>(4,360)</u>
		<u>(87,349)</u>	<u>(103,058)</u>
Non-current liabilities			
Obligations under finance leases	21	(6,055)	(9,834)
Trade and other payables	18	*	(317)
Provisions	19	<u>(8,791)</u>	<u>(8,033)</u>
		<u>(14,846)</u>	<u>(18,184)</u>
Total liabilities		<u>(102,195)</u>	<u>(121,242)</u>
Net assets		<u>85,343</u>	<u>81,653</u>
EQUITY			
Share capital	20	116,000	116,000
Hedging reserve		(628)	(1,078)
Retained earnings		<u>(30,029)</u>	<u>(33,269)</u>
Total equity		<u>85,343</u>	<u>81,653</u>

The notes on pages 16 to 46 form an integral part of these financial statements.

(Registration number: 00354883)
Statement of Financial Position as at 31 December 2015

*See note 28 for an explanation of prior year adjustments.

The financial statements on pages 11 to 46 were approved by the Board of directors on 21 October 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J. Nelson', written over a dotted line.

J Nelson

Director

The notes on pages 16 to 46 form an integral part of these financial statements.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

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

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary of a company established in the EU and it is included in the audited consolidated financial statements of its EU-established ultimate parent, G4S plc. The registered office of G4S plc is 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT. These financial statements therefore present information about the company as an individual entity only and not as a group.

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

2 Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 'Reduced Disclosure Framework'.

3 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 set out below and have been applied consistently to all the years presented, unless stated otherwise. Judgements 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.

The company has early-adopted certain amendments to FRS 100 'Application of Financial Reporting Requirements' and to FRS 101 issued in July 2015 by the Financial Reporting Council. These amendments related to changes made to the Companies Act 2006 to maintain consistency with company law and the early-adoption of The Companies, Partnerships, and Groups (Accounts and Reports) Regulations 2015 ('SI 2015/980'). SI 2015/980 allowed, among other items, the format of the financial statements to be presented in accordance with International Financial Reporting Standards adopted by the European Union ('adopted IFRSs') instead of the Companies Act 2006.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the company's net current liabilities, which the directors believe to be appropriate for the following reasons. The company received a financial support letter from a parent company to provide sufficient financial assistance to the company if and when it is needed to enable the company to continue its operations and fulfil its currently anticipated financial obligations now and in the future. This undertaking is provided for a period of at least 12 months provided the company remains a member of the parent company's group.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on a parent undertaking for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Transition to FRS 101

These financial statements were prepared by the directors in accordance with FRS 101 for the first time. FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101. An explanation of these and how the transition affected the previously reported financial position and financial performance of the company has been disclosed in note 28 to the financial statements. Prior year errors identified during the transition to FRS 101 have also been disclosed in note 28. The date of transition from the previous accounting standards to FRS 101 was 1 January 2014. Comparable historical financial information has therefore been provided in accordance with FRS 101 as at 1 January 2014 and as at, and for the year ended, 31 December 2014.

Exemptions

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

These disclosure exemptions relate to:

- the presentation of a third or opening statement of financial position at the date of transition to FRS 101 and related notes;
- the requirements of IAS7 'Statement of Cash Flows';
- the statement of compliance with adopted IFRSs;
- 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, property, plant and equipment, and the number of shares, and certain other additional comparative information;
- financial instruments disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- disclosures required by IFRS 13 'Fair Value Measurement';
- movements during the year in the number and weighted average exercise prices of share-based payments, how the fair value of services received or equity instruments granted was determined and the effect of share-based payment transactions on the income statement and financial position;
- 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.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business and is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales-related taxes. Revenue is recognised to reflect the period in which the cash solutions service is provided.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Employee benefits

Retirement benefit costs

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

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

With respect to the defined benefit pension schemes, as there is no contractual agreement or stated policy for charging the net defined benefit cost to the company, the pension charge recognised in the income statement represents the contributions payable to the schemes for the year.

Share based payments

The company benefits from share-based payments issued by its parent to certain employees. The company does not have an obligation to settle the transaction with its employees, as this is the obligation of the parent. Therefore, the company accounts for the share-based payments as equity settled, and recognises the corresponding increase in equity as a contribution from its parent.

The fair value of 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. These changes exclude those resulting from any market-related performance conditions.

Finance income and expense

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

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

Foreign currencies

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

Income taxes

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

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

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

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

The carrying amount of each deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 contingent tax liabilities and assets on the basis of management judgement following consideration of the available relevant information.

Intangible assets

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.

Property, plant and equipment

Property, plant and equipment are 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:

Asset class	Depreciation rate and method
Land and buildings	50 years
Long leasehold property	50 years
Short leasehold property	term of the lease
Plant and equipment	3 to 15 years

Assets under construction are not depreciated until they are ready for use.

Assets held under finance leases are depreciated over the shorter of the expected useful economic life and the term of the relevant lease. Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairment.

Inventories

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

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Financial instruments

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

Trade receivables

Trade receivables do not carry interest and are stated initially at their fair value. The carrying amount of trade receivables is reduced through the use of a bad debt allowance account. The company provides for bad debts based upon an analysis of those that are past due, in accordance with local conditions and past default experience.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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.

Trade payables

Trade payables are not interest-bearing and are stated initially at fair value.

Derivative financial instruments and hedge accounting

In accordance with the G4S plc group treasury policy, the company only holds or issues derivative financial instruments to manage its exposure to financial risk and not for trading purposes. See note 25 for a description of these risks and how they are managed.

Derivative financial instruments are recognised in the statement of financial position as financial assets or liabilities at fair value.

The gain or loss on re-measurement to fair value is recognised immediately in the income statement, unless the derivatives qualify for hedge accounting. Where derivatives do qualify for hedge accounting, the treatment of any resultant gain or loss depends on the nature of the item being hedged as described below.

Fair value hedge - the change in the fair value of both the hedging instrument and the hedged item is recognised immediately in the income statement.

Cash flow 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 income statement when the hedged cash flow impacts the income statement. The ineffective portion of the fair value of the hedging instrument is recognised immediately in the income statement.

Deferred income

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

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Impairment

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

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.

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.

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 company's best estimate of the cost of settlement at the end of the reporting period.

In respect of claims and litigation, the company 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 exercise judgement in measuring the exposures to contingent liabilities 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.

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 judgement. 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 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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium reserve is used to recognise any premium over the nominal value of equity shares issued.

Hedging reserve

Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax).

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Dividends

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders at a general meeting.

4 Accounting estimates, judgements and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the company's accounting policies. These judgements, estimates and associated assumptions are based on historical experience 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.

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

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

The judgements, estimates and assumptions which are of most significance in preparing the company's accounts are detailed below:

Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Unoccupied properties

An estimate of expected future net cash outflows relating to rent, rates, service charge and costs marketing the properties and 'make good' costs at the end of the lease must be made by management and an assessment of the likelihood of sub-letting the property before the end of the lease.

Restructuring costs

Management judgement is required when estimating expected costs arising from the continued restructure (see note 19). The company announced a branch rationalisation programme in October 2013.

5 Revenue

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

	2015	2014
	£ 000	£ 000
Rendering of services	<u>208,021</u>	<u>240,908</u>

Revenue arose from activities originating solely in the United Kingdom.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

6 Operating loss

Arrived at after charging/(crediting)

	2015	(As restated*) 2014
	£ 000	£ 000
Depreciation expense	14,369	16,539
Amortisation expense	2,457	2,844
Operating lease expense - property	1,261	1,358
Operating lease expense	5,425	6,612
Loss/(profit) on disposal of property, plant and equipment	75	(20)
Restructuring costs	8,834	5,148
Inventories recognised as an expense	1,550	1,418

*See note 28 for an explanation of prior year adjustments.

Restructuring costs

The company invested £8,834,000 (2014: £5,148,000) in restructuring programmes during the year, relating to the multi-year efficiency programme of G4S plc group. During 2014 and 2015 these programmes have focused on transforming the operating model.

7 Finance income

	2015	2014
	£ 000	£ 000
Other finance income	673	-

8 Finance expense

	2015	(As restated*) 2014
	£ 000	£ 000
Interest on bank overdrafts and borrowings	12	16
Interest on obligations under finance leases and hire purchase contracts	659	1,001
Foreign exchange losses	2	-
Other finance costs	-	8
Interest payable to group undertakings	332	112
Unwinding of discount	133	240
	1,138	1,377

*See note 28 for an explanation of prior year adjustments.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

9 Staff costs

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

	2015 £ 000	2014 £ 000
Wages and salaries	114,265	127,363
Social security costs	10,886	12,047
Employee benefits	3,743	29,538
Redundancy costs	3	97
	<u>128,897</u>	<u>169,045</u>

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

	2015 No.	2014 No.
Management and administration	586	807
Operational	<u>3,338</u>	<u>3,748</u>
	<u>3,924</u>	<u>4,555</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Aggregate emoluments*	1,337	943
Compensation for loss of office	<u>20</u>	<u>-</u>
	<u>1,357</u>	<u>943</u>

*Includes base pay, benefits, annual bonus, payments to money purchase schemes and any cash pension allowance paid.

The number of directors whom retirement benefits are accruing under defined benefit schemes was none (2014: one). No directors exercised share options during the period (2014: nil) or became entitled to receive shares under the long-term incentive scheme (2014: nil).

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Aggregate emoluments*	199	370
Company contributions to money purchase schemes	31	38
	<u>230</u>	<u>408</u>

The highest paid director made no contributions in respect of money purchase schemes, exercised any share options during the period or participated in a defined benefit pension scheme.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

11 Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's financial statements was £153,000 (2014: £108,000). The company incurred no fees payable to the companies auditor for the audit of other group companies (2014: £1,000). No other fees were payable to the companies auditor for all other assurance services (2014: nil).

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

12 Income tax

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	-	(4,189)
UK corporation tax adjustment to prior periods	(1,140)	3,179
	(1,140)	(1,010)
Foreign tax	1	-
Total current income tax	(1,139)	(1,010)
Deferred taxation		
Arising from origination and reversal of temporary differences	74	52
Arising from changes in tax rates and laws	1,323	(4)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(6,581)	(3,700)
Total deferred taxation	(5,184)	(3,652)
Tax receipt in the income statement	(6,323)	(4,662)

The tax rate applied on loss before tax is the standard effective rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The standard effective rate of corporation tax in the UK reduced from 21.5% in 2014 to 20.25% for 2015 in accordance with legislation enacted by the UK Government during 2013.

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Loss before tax	(3,063)	(22,844)
Corporation tax at standard rate	(620)	(4,911)
Increase/(decrease) in current tax due to loss on disposal of a property	133	293
Increase (decrease) in current tax due to permanent differences	542	481
Deferred tax expense/(credit) relating to equity settled share based payments	15	-
Increase arising from overseas tax suffered (expensed)	1	-
Deferred tax expense/(credit) following a change in tax rates	1,323	(4)
Increase/(decrease) in current tax due to equity settled share based payments	4	-
Current tax expense/(credit) relating to adjustments in respect of prior periods	(1,140)	3,179
Increase in deferred tax due to loss on disposal of leasehold property	(6,581)	(3,700)
Total tax credit	(6,323)	(4,662)

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

The UK corporation tax rate reduced from 21% to 20% with effect from 1 April 2015. Further reductions in the UK corporation tax rate will apply from 1 April 2017 when the rate reduces to 19% and from 1 April 2020 when the rate reduces to 18%. All of these rate changes were enacted at the balance sheet date.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

The company has recognised a current tax asset of £6.6m in respect of an expected future UK tax repayment in connection with a pending cross border dispute. The repayment is reflected in the accounts of G4S Cash Solutions (UK) Limited due to the readjustment of historic group relief claims.

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

Deferred tax assets and liabilities on timing differences expected to reverse in the period from 1 January 2016 to 31 March 2017 have been provided at 20%. Deferred tax assets and liabilities on timing differences expected to reverse in the period from 1 April 2017 to 31 March 2020 have been provided at 19%. Deferred tax assets and liabilities on timing differences expected to reverse on or after 1 April 2020 have been provided at 18%.

At 31 December 2015 the company had unutilised tax losses of approximately £9.6m potentially available for offset against future profits. A deferred tax asset of £1.7m arising on these losses has been recognised as sufficient taxable profits are expected in next three years against which the tax losses can be utilised.

Deferred tax

Deferred tax assets

	Asset £ 000
2015	
Accelerated tax depreciation	9,882
Provisions	289
Derivatives	138
Tax losses carry-forwards	1,735
Share-based payment	9
	<u>12,053</u>
2014	
Accelerated tax depreciation	6,630
Provisions	102
Derivatives	270
Tax losses carry-forwards	-
Share-based payment	-
	<u>7,001</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income statement £ 000	Recognised in other comprehensive income £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	6,630	3,252	-	9,882
Provisions	102	187	-	289
Derivatives	270	-	(132)	138
Tax losses carry-forwards	-	1,735	-	1,735
Share-based payment	-	9	-	9
Net tax assets/(liabilities)	<u>7,001</u>	<u>5,184</u>	<u>(132)</u>	<u>12,053</u>

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income statement £ 000	Recognised in other comprehensive income £ 000	At 31 December 2014 £ 000
Accelerated tax depreciation	2,310	4,320	-	6,630
Provisions	770	(668)	-	102
Derivatives	(7)	-	277	270
Tax losses carry-forwards	-	-	-	-
Share-based payment	-	-	-	-
Net tax assets/(liabilities)	<u>3,073</u>	<u>3,652</u>	<u>277</u>	<u>7,001</u>

13 Intangible assets

	Software £ 000
Cost or valuation	
At 1 January 2015	20,772
Additions	2,211
Disposals	<u>(120)</u>
At 31 December 2015	<u>22,863</u>
Amortisation	
At 1 January 2015	13,424
Amortisation charge	2,457
Disposals	<u>(118)</u>
At 31 December 2015	<u>15,763</u>
Carrying amount	
At 31 December 2015	<u>7,100</u>
At 31 December 2014	<u>7,348</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Amortisation expense of £66,000 (2014: £nil) is included in cost of sales. The remaining £2,391,000 (2014: £2,844,000) is included in administrative expenses.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

14 Property, plant and equipment

	Land & Buildings £ 000	Long leasehold property £ 000	Short leasehold property £ 000	Plant & Equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 January 2015 (as restated*)	61,480	16,404	23,402	133,359	3,875	238,520
Additions	-	-	-	469	4,294	4,763
Disposals	-	(811)	(38)	(9,404)	-	(10,253)
Transfers	293	-	1,409	2,857	(4,559)	-
At 31 December 2015	<u>61,773</u>	<u>15,593</u>	<u>24,773</u>	<u>127,281</u>	<u>3,610</u>	<u>233,030</u>
Accumulated depreciation						
At 1 January 2015 (as restated*)	9,268	4,715	12,071	94,560	-	120,614
Depreciation charge	788	384	1,009	12,189	-	14,370
Depreciation eliminated on disposals	-	(185)	(6)	(8,192)	-	(8,383)
At 31 December 2015	<u>10,056</u>	<u>4,914</u>	<u>13,074</u>	<u>98,557</u>	<u>-</u>	<u>126,601</u>
Carrying amount						
At 31 December 2015	<u>51,717</u>	<u>10,679</u>	<u>11,699</u>	<u>28,724</u>	<u>3,610</u>	<u>106,429</u>
At 31 December 2014 (as restated*)	<u>52,212</u>	<u>11,689</u>	<u>11,331</u>	<u>38,799</u>	<u>3,875</u>	<u>117,906</u>

*See note 28 for an explanation of prior year adjustments.

The net book value of land and buildings held under finance leases at 31 December 2015 is £3,494,796 (£5,816,880). The net book value of plant and equipment held under finance leases at 31 December 2015 is £6,221,190 (2014: £10,725,680). The depreciation charge in relation to these assets was £1,558,767 (2014: £4,403,393).

Depreciation expense of £7,816,000 (2014: £9,090,000) is included in cost of sales, the remaining £6,555,000 (2014: £7,882,000) is included in administrative expenses.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

15 Investments

Details of the subsidiary as at 31 December 2015 is as follows:

Subsidiary undertakings	Class of holding	Direct ownership	Nature of business	Registered address
G4S Bullion Solutions (UK) Limited	Ordinary	100%	Storage solutions	Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD

16 Inventories

	2015 £ 000	2014 £ 000
Component parts, engineering parts and goods for resale	<u>7,574</u>	<u>8,427</u>

The cost of inventories recognised as an expense in the year amounted to £1,549,355 (2014 - £1,417,585). This is included within cost of sales.

17 Trade and other receivables

	2015 £ 000	2014 £ 000
Trade receivables	25,404	30,804
Amounts due from group undertakings	12,271	10,824
Accrued income	5,519	1,892
Prepayments	3,158	3,558
Other receivables	<u>443</u>	<u>4,157</u>
	<u>46,795</u>	<u>51,235</u>

Amounts due from group undertakings are trading in nature, interest free, unsecured and repayable on demand.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

18 Trade and other payables

		2015	(As restated*) 2014
	Note	£ 000	£ 000
Current			
Trade payables		5,776	7,262
Accrued expenses		16,832	14,542
Amounts owed to group undertakings (members of the G4S plc group)		42,282	44,489
Social security and other taxes		8,443	10,546
Other payables		1,306	10,480
Deferred income		4,294	4,884
Derivative financial instruments	25	766	1,031
		<u>79,699</u>	<u>93,234</u>
Non-current			
Derivative financial instruments	25	-	317
		<u>-</u>	<u>317</u>

*See note 28 for an explanation of prior year adjustments.

Included within amounts owed to group undertakings is a £3,274,143 (2014: £8,736,036) short term loan which is repayable on demand. Interest on this loan is charged at LIBOR plus 2.5%. All other amounts due from group undertakings are trading in nature, interest free, unsecured and repayable on demand.

19 Provisions

	Unoccupied properties £ 000	Restructuring costs £ 000	Other provisions £ 000	Total £ 000
At 31 December 2014	9,132	2,632	629	12,393
Additional provisions	1,433	8,870	7,146	17,449
Provisions used	-	(10,004)	(6,740)	(16,744)
Unused provision reversed	(520)	-	-	(520)
Increase (decrease) due to passage of time or unwinding of discount	133	-	-	133
At 31 December 2015	<u>10,178</u>	<u>1,498</u>	<u>1,035</u>	<u>12,711</u>
Non-current liabilities	<u>8,791</u>	<u>-</u>	<u>-</u>	<u>8,791</u>
Current liabilities	<u>1,387</u>	<u>1,498</u>	<u>1,035</u>	<u>3,920</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Unoccupied properties

The provision is based on the value of future net cash outflows relating to rent, rates, service charge and costs marketing the properties and 'make good' costs at the end of the lease. An assessment is made by property of the likelihood of sub-letting the property before the end of the lease and provision is made up to this date. Each provision is reviewed annually and updated to reflect changes in market conditions.

Restructuring costs

The provision brought forward is based on the expected costs arising from the closure of several branches across the company in 2014. The company announced a branch rationalisation programme in October 2013. Further restructuring provision was made in the year of £8,870,000 based on the expected costs arising over the next 6 months. During the year a provision value of £10,004,000 was fully utilised.

Other provisions

This provision is based on the value of customer claims outstanding at 31 December 2015 where liability is considered probable and has been confirmed to G4S Cash Solutions (UK) Limited.

20 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £1 each	<u>116,000</u>	<u>116,000</u>	<u>116,000</u>	<u>116,000</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

21 Obligations under leases

Finance leases

	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
2015			
Within one year	4,140	(410)	3,730
In two to five years	6,019	(619)	5,400
In over five years	681	(26)	655
	<u>10,840</u>	<u>(1,055)</u>	<u>9,785</u>

	Minimum lease payments £ 000	(As restated*) Interest £ 000	(As restated*) Present value £ 000
2014			
Within one year	6,471	(1,007)	5,464
In two to five years	14,005	(6,111)	7,894
In over five years	2,029	(89)	1,940
	<u>22,505</u>	<u>(7,207)</u>	<u>15,298</u>

The present values of future finance lease payments are analysed as follows:

	2015 £ 000	(As restated*) 2014 £ 000
Current liabilities	3,730	5,464
Non-current liabilities	<u>6,055</u>	<u>9,834</u>
	<u>9,785</u>	<u>15,298</u>

*See note 28 for an explanation of prior year adjustments.

Operating leases

The total future value of minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Within one year	6,580	6,073
In two to five years	18,462	19,917
In over five years	<u>47,609</u>	<u>56,310</u>
	<u>72,651</u>	<u>82,300</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,412,000 (2014 - £2,933,000)

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Included within amounts owed to group undertakings is a £3,274,143 (2014: £8,736,036) short term loan which is repayable on demand. Interest on this loan is charged at LIBOR plus 2.5%. All other amounts due from group undertakings are trading in nature, interest free, unsecured and repayable on demand.

22 Pension arrangements

The G4S plc group operates both defined benefit and defined contribution pension schemes. Employer contributions to these schemes are fixed at a set level or set percentage of employees' pay. Total pension costs of £3,763,000 (2014: £4,217,587) have been recognised in the income statement. Unpaid contributions owed to the scheme amounted to £1,129,146 at 31 December 2015 (2014: £546,002).

Defined benefit scheme

The defined benefit scheme is comprised of three sections. The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary.

Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the G4S plc group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2014.

As there is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit schemes to the company, the pension charge recognised in the income statement represents the contributions payable for the year. Further information on the defined benefit schemes has been disclosed in the consolidated financial statements of G4S plc.

Defined contribution scheme

The pension charge recognised in the income statement for the defined contribution scheme represents the contributions payable for the year.

23 Share-based payments

The shares are allocated under G4S plc performance share plan and vest after three years, to the extent that certain non-market performance conditions are met. The vesting occurs on the third anniversary of the date the shares were allocated conditionally.

The weighted average remaining contractual life of conditional share allocations outstanding at 31 December 2015 was 19 months (2014: 17 months). The weighted average share price at the date of allocation of shares allocated conditionally during the year was 277.7p (2014: 262.8p). The contractual life of all conditional allocations was three years.

24 Contingent liabilities

The company is included within a group composite banking arrangement with certain fellow subsidiary undertakings and has provided an unlimited guarantee, details of which are disclosed in the group financial statements of G4S plc

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

25 Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

	Assets 2015 £ 000	Assets 2014 £ 000	Liabilities 2015 £ 000	Liabilities 2014 £ 000
Commodity swaps designated as cash flow hedges	-	-	(766)	(1,348)
Less: amount due for settlement within 12 months (shown under current liabilities)				
Commodity swaps designated as cash flow hedges	-	-	766	1,031
Amount due for settlement after 12 months	-	-	-	(317)

The mark to market liability valuation of the derivatives has decreased by £582,000 (2014: asset decreased by £1,383,000), partly due to derivatives maturing during the year.

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. Judgement is used to determine the relevant inputs, currency yield curves and discount rates. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Commodity risk and commodity swaps

The company's principal commodity risk relates to the fluctuating level of diesel prices. The company transacts with a fellow subsidiary company in the G4S plc group, which acts as a market intermediary arranging commodity swaps with its relationship banks, and has back to back deals on identical terms with the company to fix synthetically part of the exposure and reduce the associated cost volatility.

These swaps will mature in 2016.

26 Parent and ultimate parent undertaking

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is G4S plc, a company incorporated in the United Kingdom.

The parent undertaking of both the largest and smallest group, which included the company and for which group financial statements are prepared is G4S plc. G4S UK Holdings, a company incorporated in the United Kingdom, is the company's immediate controlling parent.

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

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

27 Events after the financial period

The settlement of a court case was published on 7 April 2016, after the reporting period ended 31 December 2015 and before the financial statements were authorised for issue on 27 September 2016 by the directors of the company. As a result of this court case which confirmed that the company had a present obligation at the end of the reporting period on 31 December 2015, the company has recognised a provision of £0.9m for income taxes, interest and penalties relating to the deductibility of parking fines. This is included in the prior year income tax charge as reported in note 11.

The settlement of a second court case was published on 2 September 2016, after the reporting period ended 31 December 2015 and before the financial statements were authorised for issue on 27 September 2016 by the directors of the company. As a result of this court case it was confirmed that the company had an obligation for penalties amounting to £1.8m. This has not been reflected in these financial statements.

28 Transition to FRS 101

As stated in the Significant accounting policies note, these are the company's first financial statements prepared in accordance with FRS 101. The transition date from the legacy UK GAAP to FRS 101 was 1 January 2014.

The policies disclosed in the Significant accounting policies note have been applied in preparing these financial statements for each of the years ended, and as at, 31 December 2015 and 31 December 2014, and in the preparation of an opening FRS 101 statement of financial position as at 1 January 2014.

In preparing its opening FRS 101 statement of financial position the company has adjusted amounts reported in its previous statutory annual report and financial statements. An explanation of how the transition to FRS 101 has affected the company's financial position and financial performance has been provided below. Prior year errors identified during the transition have also been explained.

First-time adoption of FRS 101

FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101.

Investment in subsidiary

The carrying amount of the company's investment in its subsidiary has been unaffected by the transition to FRS 101.

Hedge accounting

The company satisfied the formal hedging documentation and designation requirements of FRS 25 'Financial Instruments: Presentation' and FRS 26 'Financial Instruments: Recognition and Measurement' since inception of its derivatives, although it did not need to satisfy these requirements. FRS 25 implemented IAS 32 'Financial Instruments: Presentation' and FRS 26 implemented the recognition, measurement and hedge accounting requirements of IAS 39 into legacy UK GAAP for those companies within its scope. The company did not apply the accounting requirements under these standards as the derivatives were held off-balance sheet under legacy UK GAAP.

Share-based payment transactions

Under legacy UK GAAP the company previously applied FRS 20 (IFRS2) 'Share-based Payment' when accounting for its share-based payment transactions. As there are no differences between FRS 20 and the FRS 101 equivalent, IFRS 2 'Share-based Payment', transactions previously recognised in equity relating to share options that were granted after 7 November 2002 and vested before 1 January 2014 have been unaffected by the transition to FRS 101.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Reconciliation of equity

A reconciliation of the company's equity reported in accordance with legacy UK GAAP to its equity in accordance with FRS 101 as at 1 January 2014 and as at 31 December 2014 has been presented below.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 January 2014

	As originally reported £ 000 Note A	Presentational £ 000 Notes B, D	Other £ 000 Notes E, F, G, H	Under FRS 101 £ 000
ASSETS				
Non-current assets				
Intangible assets	-	10,483	-	10,483
Property, plant and equipment	117,461	7,358	4,204	129,023
Assets under construction	17,841	(17,841)	-	-
Trade and other receivables	-	-	3	3
Deferred tax assets	-	3,080	(7)	3,073
	<u>135,302</u>	<u>3,080</u>	<u>4,200</u>	<u>142,582</u>
Current assets				
Inventories	8,995	-	-	8,995
Trade and other receivables	54,763	(8,195)	77	46,645
Current tax assets	-	8,195	-	8,195
Cash and cash equivalents	10,649	-	-	10,649
	<u>74,407</u>	<u>-</u>	<u>77</u>	<u>74,484</u>
Debtors: amounts falling due after more than one year				
Deferred tax assets	3,080	(3,080)	-	-
Total assets	<u>212,789</u>	<u>-</u>	<u>4,277</u>	<u>217,066</u>
LIABILITIES				
Current liabilities				
Obligations under finance leases	-	(5,680)	(341)	(6,021)
Trade and other payables	(84,365)	5,680	(432)	(79,117)
Provisions	(9,191)	-	-	(9,191)
	<u>(93,556)</u>	<u>-</u>	<u>(773)</u>	<u>(94,329)</u>
Non-current liabilities				
Obligations under finance leases	-	(11,604)	(3,608)	(15,212)
Trade and other payables	(11,604)	11,604	(13)	(13)
Provisions	(5,868)	-	(797)	(6,665)
	<u>(17,472)</u>	<u>-</u>	<u>(4,418)</u>	<u>(21,890)</u>
Total liabilities	<u>(111,028)</u>	<u>-</u>	<u>(5,191)</u>	<u>(116,219)</u>
Net assets/ (liabilities)	<u>101,761</u>	<u>-</u>	<u>(914)</u>	<u>100,847</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

	As originally reported £ 000 Note A	Presentational £ 000 Notes B, D	Other £ 000 Notes E, F, G, H	Under-FRS 101 £ 000
EQUITY				
Share capital	116,000	-	-	116,000
Capital contribution reserve	1,500	(1,500)	-	-
Hedging reserve	-	-	28	28
Retained earnings	(15,739)	1,500	(942)	(15,181)
Total equity	101,761	-	(914)	100,847

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

31 December 2014

	As originally reported £ 000 Note A	Presentational £ 000 Note B, D	Other £ 000 Note E, F, G, H	Under FRS 101 £ 000
ASSETS				
Non-current assets				
Intangible assets	-	7,348	-	7,348
Property, plant and equipment	113,822	(1,733)	5,817	117,906
Assets under construction	5,615	(5,615)	-	-
Deferred tax assets	-	6,731	270	7,001
	<u>119,437</u>	<u>6,731</u>	<u>6,087</u>	<u>132,255</u>
Current assets				
Inventories	8,427	-	-	8,427
Trade and other receivables	54,884	(3,649)	-	51,235
Current tax assets	-	3,649	570	4,219
Cash and cash equivalents	6,759	-	-	6,759
	<u>70,070</u>	<u>-</u>	<u>570</u>	<u>70,640</u>
Debtors: amounts falling due after more than one year				
Deferred tax assets	6,731	(6,731)	-	-
Total assets	<u>196,238</u>	<u>-</u>	<u>6,657</u>	<u>202,895</u>
LIABILITIES				
Current liabilities				
Obligations under finance leases	-	(5,018)	(446)	(5,464)
Trade and other payables	(94,659)	5,018	(3,593)	(93,234)
Provisions	(4,283)	-	(77)	(4,360)
	<u>(98,942)</u>	<u>-</u>	<u>(4,116)</u>	<u>(103,058)</u>
Non-current liabilities				
Obligations under finance leases	-	(6,586)	(3,248)	(9,834)
Trade and other payables	(6,586)	6,586	(317)	(317)
Provisions	(5,232)	-	(2,801)	(8,033)
	<u>(11,818)</u>	<u>-</u>	<u>(6,366)</u>	<u>(18,184)</u>
Total liabilities	<u>(110,760)</u>	<u>-</u>	<u>(10,482)</u>	<u>(121,242)</u>
Net assets/(liabilities)	<u>85,478</u>	<u>-</u>	<u>(3,825)</u>	<u>81,653</u>

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

	As originally reported £ 000 Note A	Presentational £ 000 Note B, D	Other £ 000 Note E, F, G, H	Under-FRS 101 £ 000
EQUITY				
Share capital	116,000	-	-	116,000
Capital contribution reserve	1,594	(1,594)	-	-
Hedging reserve	-	-	(1,078)	(1,078)
Retained earnings	(32,116)	1,594	(2,747)	(33,269)
Total equity	85,478	-	(3,825)	81,653

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Reconciliation of profit or loss

A reconciliation of the company's profit or loss reported in accordance with legacy UK GAAP to its profit or loss in accordance with FRS 101 for the year ended 31 December 2014 has been presented below.

Year ended 31 December 2014

	As originally reported £ 000 Note A	Presentational £ 000 Note C	Other £ 000 Note G, H	Under FRS 101 £ 000
Turnover	240,908	-	-	240,908
Cost of sales	(197,603)	-	-	(197,603)
Gross profit	43,305	-	-	43,305
Administrative expenses	(57,388)	-	(2,236)	(59,624)
Restructuring costs	-	(5,148)	-	(5,148)
Operating loss	(14,083)	(5,148)	(2,236)	(21,467)
Restructuring costs	(5,148)	5,148	-	-
Net finance expense	(1,238)	-	(139)	(1,377)
Loss before tax	(20,469)	-	(2,375)	(22,844)
Tax on loss	4,092	-	570	4,662
Loss for the year	(16,377)	-	(1,805)	(18,182)

Explanation of transition adjustments

Note A

These balances are as presented in the financial statements of the company under legacy UK GAAP but aligned with FRS 101 and adopted IFRS headings, prior to adjustments required to comply with FRS 101. The presentation under headings in accordance with adopted IFRSs is permitted by the early adoption of SI 2015/980, as explained in the Significant accounting policies. In addition finance income and finance expense have now been shown net on the face of the income statement.

Note B

Presentational adjustments to the statement of financial position due to the transition to FRS 101

On transition to FRS 101, the company has reclassified the following items.

- **Assets under construction.** The company has chosen to present these balances only as a component of property, plant and equipment instead of also being presented separately on the face of the statement of financial position. On transition to FRS 101 this resulted in a reclassification of £17,841,000 to property, plant and equipment on the face of the statement of financial position and as at 31 December 2014, the equivalent reclassification was £5,615,000.
- **Software.** FRS 101 requires software costs to be capitalised as intangible assets and classified separately from property, plant and equipment. On transition to FRS 101 this resulted in a reclassification of £10,483,000 to intangible assets and as at 31 December 2014, the equivalent reclassification was £7,348,000.
- **Non-current/current assets and liabilities.** Under FRS 101, as permitted by the early adoption of SI 2015/980, the company has presented all assets and liabilities on a non-current and current basis. The following balances reported under legacy UK GAAP have been reclassified accordingly:

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

- debtors due after more than one year relating to deferred tax assets. As at 1 January 2014 this resulted in a reclassification of £3,080,000 (31 December 2014: £6,731,000).
- Taxation. Deferred and current tax assets are presented separately on the face of the statement of financial position in accordance with FRS 101 instead of within debtors under legacy UK GAAP.
- Obligations under finance leases. The company has chosen to present these balances separately on the face of the statement of financial position, consistent with the wider G4S plc group, instead of within creditors under legacy UK GAAP. As at 1 January 2014 this reclassification was £5,680,000 (31 December 2014: £5,018,000) for current obligations and £11,604,000 (31 December 2014: £6,586,000) for non-current obligations.

Note C

Presentational adjustments to the income statement due to the transition to FRS 101

Under legacy UK GAAP, FRS 3 'Reporting Financial Performance' defined exceptional items as material items which needed to be disclosed by virtue of their size or incidence if the financial statements were to give a true and fair view. FRS 3 required certain exceptional items (profit or loss on the sale of an operation, fundamental reorganisation or restructuring costs, and profit or loss on disposal of fixed assets) to be shown separately on the face of the profit and loss account after operating profit and before interest. All other exceptional items should be included in the statutory format heading to which they related and disclosed separately by way of a note or on the face of the profit and loss account if that degree of prominence was necessary to give a true and fair view.

In contrast, FRS 101 does not require disclosure of operating loss. Under IAS 1 'Presentation of Financial Statements', material items of income or expense such as restructuring costs, certain disposals and discontinued operations, shall be disclosed separately.

Due to the transition to FRS 101, a £5,148,000 non-operating exceptional charge during the year ended 31 December 2014 relating to restructuring costs was reclassified to operating loss. Items of this nature may be classified as 'Other separately disclosed items'. 'Other separately disclosed items' and 'Specific items' are identified by virtue of their size, nature or incidence and assists in providing a meaningful analysis of the underlying results of the company.

Note D

Share-based payments

Under legacy UK GAAP, share-based payment adjustments to equity could be reported in a separate reserve, the capital contribution reserve. Following the transition to FRS 101 these balances were reclassified to retained earnings, resulting in a reclassification within equity of £1,500,000 as at 1 January 2014 and £1,594,000 as at 31 December 2014.

Note E

Financial instruments: derivatives and hedge accounting

Under legacy UK GAAP, derivatives were held off-balance sheet and accounted for on an accruals basis and costs in the profit and loss account were recorded net against the underlying item being hedged. As noted above, the company satisfied the formal hedging documentation and designation requirements of FRS 25 and FRS 26 since inception of the derivatives, although it did not need to satisfy these requirements. FRS 25 implemented IAS 32 and FRS 26 implemented the recognition, measurement and hedge accounting requirements of IAS 39 into legacy UK GAAP for those companies within its scope. The company did not apply the accounting requirements under these standards as the derivatives were held off-balance sheet under legacy UK GAAP.

G4S Cash Solutions (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

Under FRS 101, derivatives are to be included on the statement of financial position instead of being held off-balance sheet. They are recognised at fair value from the transition date, 1 January 2014, and any movements in the fair value to the next reporting date are recorded either through profit or loss or deferred within equity depending on whether they qualified for cash flow hedge accounting. As the company satisfied the formal hedging documentation and designation requirements of FRS 25 and FRS 26 since inception of the derivatives, it has complied with the equivalent requirements of IAS 32 and IAS 39 with respect to hedge accounting under FRS 101. The effective portion of the cumulative net change in the fair value of the derivatives in a cash flow hedging relationship has therefore been deferred within equity in a new reserve, the hedging reserve.

As at 1 January 2014, the recognition of derivatives under FRS 101 resulted in an increase in net assets of £35,000 before tax, comprising £3,000 and £77,000 in non-current and current trade and other receivables, respectively, and £32,000 and £13,000 in current and non-current trade and other payables, respectively. A gain of £35,000 before tax was recognised in the hedging reserve. For the year ended 31 December 2014, a net fair value movement of £1,383,000 loss before tax was recognised and deferred in the hedging reserve. As at 31 December 2014, the fair value of derivatives on the statement of financial position was a net liability of £1,348,000 before tax, comprising £1,031,000 and £317,000 in current and non-current trade and other payables, respectively. A loss of £1,348,000 before tax was deferred in the hedging reserve.

Note F

Deferred tax

Under legacy UK GAAP, deferred tax was recognised on timing differences arising in the income statement. Timing differences arose from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements.

Under FRS 101, IAS 12 'Income Taxes' requires full provision for all taxable temporary differences unless specifically exempted. Deferred tax is recognised in the statement of financial position by applying the appropriate tax rate to the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the company's financial statements.

Due to the transition to FRS 101, deferred tax was recognised on derivatives and any subsequent changes in the fair value of those derivatives. As at 1 January 2014, deferred tax liabilities of £7,000 was recognised on the statement of financial position and offset against the deferred tax assets already recognised under legacy UK GAAP. The corresponding £7,000 loss as at 1 January 2014 was recognised in the hedging reserve. During the year ended 31 December 2014, a gain of £277,000 was recognised in the hedging reserve for changes in deferred tax on derivatives resulting in a deferred tax asset on the statement of financial position of £270,000 as at 31 December 2014.

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Notes to the Financial Statements for the Year Ended 31 December 2015

Note G

Certain leasehold land and buildings

In 2013 the company acquired certain land and buildings under a finance lease. However these land and buildings were not recognised by the company, but instead by a fellow subsidiary company in the G4S plc group.

This was corrected on transition to FRS 101 by recognising from inception all balances relating to these land and buildings. As at 1 January 2014, this resulted in a decrease in overall net assets of £145,000, due to the recognition of finance lease liabilities and inter-company payables of £3,949,000 and £400,000 respectively, offset by the recognition of property, plant and equipment of £4,204,000. During the year ended 31 December 2014, increased depreciation charges of £92,000 and finance leases charges of £202,000 were recognised. As at 31 December 2014, the cumulative impact of the above and improvements made to the land and buildings during 2014, resulted in a decrease in overall net assets of £439,000 before tax, comprising the recognition of finance lease liabilities and inter-company payables of £3,694,000 and £2,562,000 respectively, offset by the recognition of property, plant and equipment of £5,817,000.

The impact on this correction on tax was an additional £43,000 current tax gain in the income statement for the year ended 31 December 2014, resulting in an increase in current tax assets of £43,000 in the statement of financial position as at 31 December 2014.

Note H

Provisions

In the prior year legacy UK GAAP financial statements incorrect discount rates had been used to calculate the present value of provisions related to unoccupied properties.

This was corrected on transition to FRS 101 by recognising additional provisions of £797,000, with a related decrease in retained earnings, as at 1 January 2014. For the year ended 31 December 2014, additional provision charges of £2,144,000 were required to administrative expenses in the income statement, offset by £63,000 lower unwinding of the discount in finance costs. As a result, the cumulative increase in provisions as at 31 December 2014 was £2,878,000, with a related £2,878,000 decrease before tax in retained earnings.

The impact of this correction on tax was an additional £527,000 current tax gain on the income statement for the year ended 31 December 2014, resulting in an increase in current tax assets of £527,000 in the statement of financial position as at 31 December 2014.

Statement of comprehensive income and statement of changes in equity

Under legacy UK GAAP, the financial statements included a statement of total recognised gains and losses as a primary statement, if required, and a reconciliation of movements in shareholders' funds as a note to the financial statements.

Under FRS 101, these have been replaced by the statement of comprehensive income and the statement of changes in equity, respectively. In addition, the statement of changes in equity is now presented as a primary statement instead of a note to the financial statements and it analyses in more detail the changes in equity during the year.