

Registration number: 00390328

# G4S Care and Justice Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

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## **G4S Care and Justice Services (UK) Limited**

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## **G4S Care and Justice Services (UK) Limited**

### **Company Information**

<b>Directors</b>	O Keck G Brockington F Walters
<b>Company secretary</b>	R Y Bartlett
<b>Registered office</b>	6th Floor 50 Broadway London SW1H 0DB
<b>Independent auditor</b>	Deloitte LLP The Hanover Building Corporation Street Manchester M4 4AH

## **G4S Care and Justice Services (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The directors present their report for the year ended 31 December 2022.

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

##### *Principal activity*

The principal activity of G4S Care and Justice Services (UK) Limited ("the Company") is the provision of highly specialised services to central and local governments and government agencies and authorities including adult custody and rehabilitation and offender tracking services.

##### *Financial performance*

The Company has net assets of £167,203,000 (2021: £141,285,000). This represents a year-on-year increase of £25,918,000 (18.3%).

The Company recorded sales of £239,979,000 (2021: £228,750,000). This represents a year-on-year increase of £11,229,000 (4.9%). The Company recorded cost of sales of £178,801,000 (2021: £173,976,000). This represents a year-on-year increase of £4,825,000 (2.8%). Overall, the Company recorded gross profit of £61,178,000 (2021: £54,774,000). This represents a year-on-year increase of £6,404,000 (11.7%). Increases in sales and gross profit are primarily driven by inflationary increases and the increase in the capacity of a new custodial contract.

The Company made a profit for the financial year of £25,918,000 (2021: £21,326,000). This represents a year-on-year increase of £4,592,000 (21.5%). This is driven by the increase in gross profit noted above. An additional provision to reflect higher than anticipated costs relating to the Serious Fraud Office ('SFO') investigation has been recognised in the year, however this increase has been mitigated by the lower impairment charge noted below.

For the year ended 31 December 2022, an impairment charge of £700,000 (2021: £5,500,000) has been recorded in respect of the Company's investments in a joint venture as it reached the end of its operations. Further details of the impairment charge are disclosed in note 15.

In 2020 G4S Care and Justice Services (UK) Limited entered into a voluntary Deferred Prosecution Agreement ("DPA") with the UK Serious Fraud Office ("SFO"). Included with Administrative expenses are £11,800,000 (2021: £5,019,000) of provision additions relating to future costs to fulfil the entity's obligations under the DPA, which includes continued implementation and external review of the entity's program of corporate renewal.

G4S Limited is an intermediate parent of the Company. G4S Limited is the parent of the G4S Limited Group ("the Group"). The Company's ultimate parent undertaking is Atlas Ontario LP. Atlas Ontario LP is the ultimate parent of the Atlas Ontario LP Group ("the Enlarged Group").

##### *Future developments*

The directors expect the general level of activity of the Company to remain consistent with the prior years and the Company's principal activity is not expected to change substantially.

The Company is planning on participating in upcoming UK Government outsourcing contract bids in the custodial and rehabilitation sector where they fit the Company's strategic growth plan.

#### **Key performance indicators**

The directors utilise a wide range of financial and operational performance measures to monitor the Company's business activities. These include financial measures revenue, gross margin and EBITDA. There is also significant focus on operational measures, including Health and Safety performance, staffing levels and employee engagement.

## **G4S Care and Justice Services (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

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

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

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

Such changes in dynamics could include changes in dynamics with suppliers, new technologies, government legislation or customer consolidation and could have a negative impact in the Company's revenues and profitability.

***Risk mitigation approach***

So as to better understand and influence the market, the Company is committed to a policy of proactive engagement across its geographic range, with customers, industry associations, government regulators and employee representatives. We continue to invest in and develop our sales and business development systems. We perform customer satisfaction monitoring to improve measurement of our engagement with our clients and therefore making us more effective in driving stronger customer relationships.

**(2) *Onerous contract obligations***

Should the Company commit to sales contracts which result in unavoidable disadvantageous pricing mechanisms, unachievable service levels or excessive liability, these could result in future losses which would have to be recognised upfront based on the Company's best estimate.

***Risk mitigation approach***

We have strict thresholds for the approval of major bids including completion and review of a comprehensive approval template, a detailed legal review and senior management oversight. These are embedded into our Sales-Force opportunity management tool. When appropriate we conduct external reviews of bid models. Where a contract has been identified as onerous, senior management perform regular reviews of performance against the latest projected losses. Where necessary, adjustments are made for future loss provision.

**(3) *Poor operational service delivery***

Should the Company fail to meet the operational requirements of its customers, including a major failure of service delivery at a prison, it could impact its reputation, contract retention and growth.

***Risk mitigation approach***

The Company, in conjunction with the G4S Limited Group ("the Group"), performs 360° contract assurance reviews which focus on key aspects of contract management and performance.

Senior management perform monthly reviews of contracts where commercial and/or performance issues have been identified. Management also regularly review the largest contracts across the division in which the Company is included.

## **G4S Care and Justice Services (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

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

**(4) Inflation**

Sustained inflation headwinds result in a rise across broader business costs. As an example, labour, which comprises a significant proportion of delivery costs, is typically affected by inflation resulting in sustained wage increases. Increased supplier and energy costs, in addition to rising interest rates, are further inflationary driven items that will have a negative impact on business profitability.

*Risk mitigation approach*

Mapping out the landscape and identifying the key impacts is integral in financial risk management. Accurate inflation forecasts play a key tool in effectively pricing services potentially impacted by inflationary pressures; this could include building in indexation linked contractual increases. Re-negotiation of contracts with suppliers in advance, pre-empting increases, is a key component in overcoming inflation based price increases further down the line. In addition monetary tightening and robust and timely cash flow forecasting ensure focused re-investment activities in times of rising costs and reduced opportunities.

**(5) Failure to recruit and retain appropriate staff**

The Company's greatest asset is its committed workforce. Failure to ensure that the right staff, whether as permanent employees, or temporary workers, are recruited and retained could be detrimental to the Company's reputation and could adversely affect growth and profitability.

*Risk mitigation approach*

The Company operates a variety of recruitment strategies to ensure we are an inclusive employer and that we attract the right staff. These include employee referrals, the use of online recruitment platforms and attending careers fairs. In addition the Company undertakes a rigorous screening and vetting process prior to onboarding staff. This process includes checks being made on the individual's employment history, obtaining references and completing Disclosure and Barring Service and credit checks.

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

In complying with their duty to promote the success of the Company for the benefit of its members, whilst having regard to the matters set out in s172(1) (a-f) of the Companies Act 2006, the Board of Directors considers that the success of the Company is best promoted through the promotion of the success of the G4S Limited Group as a whole. The Company is governed and managed as an integral part of the G4S Limited Group and follows a common set of policies and procedures. The following disclosures describe how the Company's Board of Directors has had regard to the matters set out in section 172(1) (a-f) in respect of the Group's stakeholders and forms the Directors' Statement required under Section 414CZA of the Companies Act 2006.

*Long-term view*

Assessment of long-term consequences of our decisions is at the heart of our strategy. On an annual basis the Board of directors assesses the major risks affecting the Company and develops mitigating strategies to reduce the likelihood of those risks crystallising. These are then closely monitored throughout the year. These strategies form the basis for the Company's financial budgets, resource planning and capital spend, setting the general direction for the Company. The financial budgets and other plans undertake scrutiny both from the managers directly involved in each functional area, as well as the Board of directors.

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

## **G4S Care and Justice Services (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022 (continued)**

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

##### *Our employees*

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

##### *Business relationships*

We view our customers and suppliers not merely as business parties, but as partners in delivering value and innovation. Our long-term customer relationships are based upon trust and understanding of our customers' business needs and objectives. Through those customer relationships and connections we look to deliver sustainable long-term growth in revenues, profitability and cash flow. We seek to retain current customers and proactively engage in dialogue. For example, during the year the capacity of certain contracts was increased. The directors engaged with the customer to ensure that the capacity was appropriate to the customer needs and requirements.

Our suppliers help us to deliver our values. We have a responsible purchasing policy consistent with our business ethics and all our suppliers sign up to our Supplier Code of Conduct.

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

##### *Community and environment*

The Company plays an important role in society, providing decent employment opportunities and delivering essential services to help keep society safe and secure. The Group engages with various stakeholder groups and experts on Environmental, Social and Governance ('ESG') matters, including government, employee representatives, industry bodies, non-governmental organisations (NGO's) and ESG analysts. The Group undertakes a regular materiality assessment to determine its ESG priorities - (1) Employee health, safety and wellbeing, (2) Human rights, (3) Anti-bribery and corruption, (4) Culture, values and behaviour. The Group also recognises the growing importance of diversity and inclusion through our organisation and the impact of climate change.

The Group recognises that our business activities have a direct and indirect impact on the natural environment and are committed to proactively managing these in a responsible manner. The development of a sustainable business practice helps to increase the efficiency of operations and reduce the resource footprint.

##### *Our reputation*

Strong brand and reputation differentiate us in the competitive market place. We hold ourselves, our employees and our business partners to high standards, embodied in the set of our corporate values. These values promote a culture and business interactions based on being Agile, Reliable, Innovative, with a Caring culture that puts Safety first, delivering through Teamwork and acting with Integrity.

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

## G4S Care and Justice Services (UK) Limited

### Strategic Report for the Year Ended 31 December 2022 (continued)

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

*Acting fairly*

The Company is a subsidiary of Atlas Ontario LP and has no external shareholders. We maintain a continuous and open dialogue with our ultimate parent, Atlas Ontario LP, and ensure we stay aligned with the Enlarged Group's values and strategies.

29-Sep-23 | 14:06 BST

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:

*Oliver Keck*

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O Keck  
Director



## **G4S Care and Justice Services (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

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

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

G M Nienaber (resigned 21 January 2022)

G A Levinsohn (resigned 7 January 2022)

O Keck

G Brockington

F Walters (appointed 22 June 2022)

#### **Results and dividends**

The results for the year are set out on page 19. The directors do not recommend the payment of a dividend (2021: £Nil).

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

#### **Going concern**

The Company generates profits and cash inflows from the operation of long-term contracts for which management can reasonably predict the future financial performance. The Company has net assets of £167,203,000 and net current assets of £152,236,000 at the year end. In addition, the Company generated a profit of £25,918,000 during the year. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due for a period of at least twelve months from the date of signing the financial statements, consequently the financial statements have been prepared 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.

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

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

#### **Employee engagement**

The Board's engagement with the Company's employees is facilitated through a variety of initiatives and channels.

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

- Formal consultative committees and focus groups have been used to ensure that issues of mutual interest can be discussed and resolved.

## **G4S Care and Justice Services (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Employee engagement (continued)**

- Onboarding, induction and refresher training have continued to be a priority. The Company offers all employees the opportunity to increase their skills and knowledge at work. Employees are encouraged to take responsibility for their own learning on an on-going basis using the extensive range of materials available, and using technology platforms to share training and learning paths more effectively.
- Company newsletters, employee magazines and other communications have been used on a regular basis to keep staff informed of events and performance within the Company.
- Specific campaigns on health and safety, our values and Speak Out whistleblowing arrangements have been conducted, linking to the Company's and wider Group's Corporate Social Responsibility focus.

#### **Other stakeholder engagement**

The Board's engagement with other stakeholders is largely driven by processes and initiatives which are decided at a wider Group level.

The Company considers its key other stakeholders to be its customers, its suppliers and the wider society in which it operates.

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

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

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

The Company recognises that receiving timely reimbursements is of high interest to suppliers. It is our policy to pay suppliers in accordance with agreed terms of trade.

Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure. The specialist security services delivered by the Company mitigate the risk or impact of criminal behaviour and help to create safer communities.

## **G4S Care and Justice Services (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Environmental matters**

The Company recognises that the threat from climate change to the natural environment and social infrastructure is an important and ongoing concern for the Company's organisation, customers, employees and communities. The Company understands its role in ensuring that the UK meets its target of bringing its greenhouse gas emissions to a net zero by 2050, and we are aligned with meeting that timescale if not achieving it sooner.

The Company's key activities are carrying out contracts for custodial and detention services, electronic monitoring, rehabilitation, resettlement and other community services. Working across multiple government jurisdictions, the Company provides state-of-the-art security and safety solutions through prison management, youth justice and electronic monitoring operations. There are material environmental impacts arising from running operational buildings, business fleet emissions and business air travel.

In 2021, G4S UK & Ireland launched its net-zero carbon strategy, setting an interim science based target using 2020 as a baseline. By 2030, the Company aims to reduce Scope 1 and 2 emissions by 42%, and Scope 3 emissions (purchased goods and services and capital goods) by 25%. By 2050, or sooner, the Company aims to meet all net-zero targets.

During 2022, the Company has invested in further improvements to its greenhouse gas data capture processes, specifically with regard to scope 3 categories.

To ensure it is on track to achieve our net-zero emission ambitions, during 2022 the Company has:

- Continued to transition its vehicle fleet to low-emission vehicles, such as hybrid and electric power. The Company is working with its partners at LeasePlan and Shell to explore further opportunities for decarbonisation. In 2023, Shell will commence the installation of EV charging at major G4S offices and facilities across the UK. The Company's aim is for its addressable fleet to be zero emission by 2040.
- Continued to influence the updating of its lighting infrastructure with LED, and is seeking further opportunities to reduce energy consumption.
- Worked to improve its scope 3 measurement and management. Approximately 80% of the Company's scope 3 emissions are generated by purchased goods and capital goods - in 2023 the Company has begun its supplier engagement strategy to work towards its decarbonisation goals.

#### **Greenhouse gas emissions**

The Company uses the financial control approach to identify the Greenhouse Gas (GHG) emissions for which it has responsibility. The operational boundaries are the geographical delivery within the United Kingdom.

The Company has reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations').

The Company follows the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) GHG Protocols to measure our scope 1 and 2 emissions for business over which the Company has financial control. In addition the Company has measured relevant categories of Scope 3 emissions,

The data is based on data collected for the period of 1 January 2022 to 31 December 2022; any exceptions are noted below. Scope 1 and 2 emissions for energy supply to fixed assets is based on invoice data.

## **G4S Care and Justice Services (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Greenhouse gas emissions (continued)**

Scope 3 purchased goods and services, capital goods and water emissions have been converted from spend data. Waste emissions are based on weight data from general waste and confidential waste framework contractors. Other waste emissions are converted from spend data. Air and hotel bookings are based on data from central booking agents, supplemented by additional information on bookings made direct by companies. Radiative Forcing has not been included in air travel calculations. UK rail data is supplied by Trainline.com Limited with Euro Express bookings from our central booking agents. Employee commuting emissions are calculated based on full time employee headcount information for 2020. These numbers were run through a bespoke employee commuting tool, based on UK census data around average modes of travel. Working from home emissions are calculated with reference to the "G4S Global 2nd Home Working Report (Nov 2020)", delivered on 13 November 2020. Scope 3 fuel and energy related activities where the Company pays for its clients energy use as part of its service is based on utility supplier invoice data. Emissions from transportation and distribution of electricity are based on the Scope 2 electricity consumption data. Upstream transportation and distribution emissions are derived from spend data.

Emission factors are taken from UK Government GHG Conversion Factors for the Company Reporting and for the relevant year.

#### *Omissions and estimations*

One Scope 1 gas supply Estimated Annual Consumption from supplier was used due to meter issues. Reimbursed business mileage was pro rated from recorded data that was only captured reliably from July 2022.

#### *Renewables*

Carbon values are given for electricity based on the consumption (location based reporting rather than market based). The electricity purchased directly by the Company is backed by Renewable Energy Guarantees of Origin (REGOs) so is certifiably renewable with a production emission rate of zero whether listed in Scope 1 or Scope 3.

## G4S Care and Justice Services (UK) Limited

## Directors' Report for the Year Ended 31 December 2022 (continued)

Emission type		2022	2022	2021	2021
	Scope	Consumption	Emission (tCO <sub>2</sub> e)	Consumption	Emission (tCO <sub>2</sub> e)
Natural Gas for buildings	1	8,330,624 kWh	1,521	10,712,916 kWh	1,962
Diesel used in building based generators	1	None	None	None	None
Other fuel used for heating buildings	1	None	None	None	None
Vehicle Fuel (Diesel) in Operational Vehicles	1	29,554 litres	75.7	25,514 litres	64.1
Vehicle Fuel (Petrol) in Operational Vehicles	1	62,799 litres	135.6	42,863 litres	94.02
Vehicle Fuel (Diesel) in Freight Vehicles	1	1,603 litres	4.1	1,555 litres	3.9
Business Mileage in Company Cars	1	201,418 miles	36.3	Not captured in 2021	
Fugitive Emissions from Building Air-Conditioning	1	None	None	None	None
Fugitive Emissions from Vehicles	1	HFC-134a R1234yf	None	525g HFC-134a	<0.1
Electricity for Buildings	2	6,023,090 kWh	1,165	6,226,231 kWh	1,322
Electricity (Transmission and Distribution)	3	For above value	106.5	For above value	117.0
Electricity (Transmission and Distribution) Indirect	3	Based on total electricity use	304		Not recorded
Business Travel - Air	3	39,808 miles	8.8	796 miles	0.2
Business Travel - Rail	3	269,954 miles	7.4		Not recorded
Business Travel - Road	3	276,230 miles	53.4		Not recorded
Business Travel - Hotels	3	3,483 nights	38.8		Not recorded
Indirect Emissions Well To Tank for Scope 1 Transport	3	Factor applied to Scope 1 data	64.3		Not reported
Indirect Emissions Well To Tank for Scope 1 Fuel	3	Based on building fuel	259.1		Not reported

**G4S Care and Justice Services (UK) Limited**

**Directors' Report for the Year Ended 31 December 2022 (continued)**

Cat 3 Fuel & Energy Related Activities	3	15,117,327 kWh	3,829.6	Not reported
Commuting		Calculated from FTE numbers and national data		
	3		535.8	Not reported
Homeworking	3	2,063 hours	0.7	Not reported
Supply chain	3	£66,120,797	14,187.5	Not available at this time
Waste	3	6,699 tonne	884.8	Not reported
<b>Scope 1 Total</b>			<u>1,773</u>	<u>2,124</u>
<b>Scope 2 Total</b>			<u>1,165</u>	<u>1,322</u>
<b>Scope 3 Total</b>			<u>20,281</u>	<u>117</u>
<b>Grand Total</b>			<u>23,219</u>	<u>3,563</u>

## **G4S Care and Justice Services (UK) Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Greenhouse gas emissions (continued)**

The emissions from Company funded business travel in vehicles such as company cars and expensed travel has not been captured in 2021, as there was no requirement for this in reporting at the start of 2021 due to the Company being a subsidiary of a public limited company. Protocols were put in place to capture this data for 2022.

#### **Intensity measure**

The services delivered varies on the current portfolio of clients and service contracts in place. The only consistent, stable and applicable performance indicator is annual turnover versus the carbon emissions generated. This has been the approach since the G4S Limited Group began reporting its Greenhouse gas emissions in 2008.

The intensity measure used is the quantity of CO<sub>2</sub>e per £ of revenue generated. This year the scope of the carbon data capture has been expanded so that two figures are presented, one using comparable scope to the previous year and one indicating the overall intensity ratio of all emissions.

#### **Emissions intensity ratio**

t/CO<sub>2</sub>e per £m turnover

2021 (as reported last year): -13.23

2022 (with same scope as last year): 12.62

2022 (all emissions): 97.2

#### **Financial risk management**

The Company operates under the financial risk management objectives and policies of its intermediate parent, G4S Limited. G4S Limited's key objectives and policies include:

- Liquidity risk is managed in the context of the Enlarged Group to ensure that sufficient funding is available to the Group; and
- Conducting investing and financing activities, wherever possible, in either the Company's local currency or that of its investors (USD\$).

#### **Statement of private company governance arrangements**

The Company, although not applying a corporate governance code in line with other companies in the Group, is committed to achieving high standards of governance and operates under the corporate governance requirements applied across the Group's UK & Ireland Region and in a manner consistent with the COSO Framework of Internal Control, including:

- A clear set of values
- Risk management - identification, management and mitigation of risks, under the oversight of the Regional Risk Committee
- Financial reporting and controls, under the oversight of the Regional Audit Committee
- Group strategy and policy on ethical matters, including the business ethics policy and whistleblowing arrangements, under the oversight of the Regional Ethics Committee
- Tax and treasury policies
- Delegation of authority
- Contract approvals: where required under the Group's contract approval matrix, customer contracts are referred to regional or international management for approval
- Stakeholder relationships and engagement (see above).

## G4S Care and Justice Services (UK) Limited

### Directors' Report for the Year Ended 31 December 2022 (continued)

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Directors' indemnity

Allied Universal Topco LLC has granted indemnities to each of the Company's directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2022 and remain in force in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors. Allied Universal Topco LLC has maintained a directors' and officers' liability insurance policy throughout the year under review.

#### Disclosure of information to the auditor

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

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

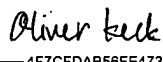
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Independent auditor

The auditor, Deloitte LLP, appointed during the year, has indicated their willingness to continue in office and a resolution confirming their appointment will be approved at the Annual General meeting.

29-Sep-23 | 14:06 BST

Approved by the Board on ..... and signed on its behalf by:

DocuSigned by:  
  
4F7CFDAB56FE473.....  
O Keck  
Director



## **G4S Care and Justice Services (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Care and Justice Services (UK) Limited**

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

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##### **Opinion**

In our opinion the financial statements of G4S Care and Justice Services (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- checking the mathematical accuracy of the going concern assessment including agreement to approved budgets and forecasts;
- assessing the net current asset position of the entity and evaluating the liquidity of the entity;
- challenging the key assumptions of these forecasts by:
  - reading industry data and other external data and comparing these with the group's estimates;
  - evaluating the impact of known changes in customer contracts since the reporting date;
  - evaluating historical accuracy of forecasts prepared by the group through comparing forecast results with the historical performance;
- assessing the sensitivity of the headroom within management's forecasts; and

## **G4S Care and Justice Services (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Care and Justice Services (UK) Limited (continued)**

#### **Conclusions relating to going concern (continued)**

- challenging the adequacy of the group's disclosures relating to the going concern basis of preparation

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

#### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **G4S Care and Justice Services (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Care and Justice Services (UK) Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These includes payroll and health and safety laws, regulations and tax laws.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- The occurrence of performance obligations with complex variable elements. We performed the following procedures to address this risk:
  - obtained an understanding of the nature of revenue in the entity to identify the factors which impacted on the variable element of the consideration.
  - reviewed a sample of contracts with customers and any variations made subsequently.
  - performed tests of detail to address occurrence for a sample of revenue transactions, through obtaining and reviewing relevant evidence that the performance obligation had been met and recalculating revenue recognised

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls and revenue recognition, we tested the design and implementation of controls over prevention and detection of fraud; tested the appropriateness of journal entries and other adjustments, including manual adjustments to revenue; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **G4S Care and Justice Services (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Care and Justice Services (UK) Limited (continued)**

#### **Report on other legal and regulatory requirements**

##### **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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

##### **Use of this report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Giles Murphy*

.....8B79851C2E19408.....  
Giles Murphy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester

29-Sep-23 | 08:38 AKDT

Date:.....

**G4S Care and Justice Services (UK) Limited****Income Statement for the Year Ended 31 December 2022**

	Note	2022 £ 000	2021 £ 000
Revenue	4	239,979	228,750
Cost of sales		<u>(178,801)</u>	<u>(173,976)</u>
<b>Gross profit</b>		61,178	54,774
Administrative expenses		(35,051)	(30,523)
Impairment of investments	5, 15	<u>(700)</u>	<u>(5,500)</u>
<b>Operating profit</b>	5	25,427	18,751
Dividend income	9	1,172	2,937
Finance income	10	4,363	2,603
Finance costs	11	<u>(14)</u>	<u>(10)</u>
<b>Profit before income tax</b>		30,948	24,281
Income tax expense	12	<u>(5,030)</u>	<u>(2,955)</u>
<b>Profit for the financial year</b>		<u><u>25,918</u></u>	<u><u>21,326</u></u>

The above results were derived from continuing operations.

## G4S Care and Justice Services (UK) Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the financial year	<u>25,918</u>	<u>21,326</u>
<b>Total comprehensive income for the financial year</b>	<u><u>25,918</u></u>	<u><u>21,326</u></u>

**G4S Care and Justice Services (UK) Limited****Statement of Changes in Equity for the Year Ended 31 December 2022**

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	51,538	3,983	64,273	119,794
<b>Comprehensive income:</b>				
Profit for the financial year	-	-	21,326	21,326
Total comprehensive income for the financial year	-	-	21,326	21,326
<b>Transactions with owners:</b>				
Share based payment transactions	-	-	168	168
Tax on items taken to equity	-	-	(3)	(3)
Total transactions with owners	-	-	165	165
<b>At 31 December 2021</b>	<b>51,538</b>	<b>3,983</b>	<b>85,764</b>	<b>141,285</b>
At 1 January 2022	51,538	3,983	85,764	141,285
<b>Comprehensive income:</b>				
Profit for the financial year	-	-	25,918	25,918
Total comprehensive income for the financial year	-	-	25,918	25,918
<b>At 31 December 2022</b>	<b>51,538</b>	<b>3,983</b>	<b>111,682</b>	<b>167,203</b>

The notes on pages 24 to 50 form an integral part of these financial statements.

**G4S Care and Justice Services (UK) Limited****(Registration number: 00390328)****Statement of Financial Position as at 31 December 2022**

	Note	2022 £ 000	2021 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	13	1,086	1,041
Intangible assets	14	27	76
Investments in subsidiaries	15	5,433	5,433
Investments in joint ventures	15	-	700
Deferred tax assets	12	10,927	11,304
		<u>17,473</u>	<u>18,554</u>
<b>Current assets</b>			
Inventories	16	1,160	1,044
Trade and other receivables	17	243,309	226,145
Cash and cash equivalents	18	1,879	1,626
		<u>246,348</u>	<u>228,815</u>
<b>Total assets</b>		<u>263,821</u>	<u>247,369</u>
<b>Current liabilities</b>			
Trade and other payables	19	(67,404)	(80,717)
Borrowings		(253)	(1,082)
Lease liabilities	20	(293)	(239)
Current tax liabilities		(5,191)	(6,244)
Provisions	21	(20,971)	(15,249)
		<u>(94,112)</u>	<u>(103,531)</u>
<b>Net current assets</b>		<u>152,236</u>	<u>125,284</u>
<b>Non-current liabilities</b>			
Lease liabilities	20	(268)	(279)
Provisions	21	(2,238)	(2,274)
		<u>(2,506)</u>	<u>(2,553)</u>
<b>Total liabilities</b>		<u>(96,618)</u>	<u>(106,084)</u>
<b>Net assets</b>		<u>167,203</u>	<u>141,285</u>
<b>Equity</b>			
Share capital	22	51,538	51,538
Share premium		3,983	3,983
Retained earnings		111,682	85,764
<b>Total shareholders' funds</b>		<u>167,203</u>	<u>141,285</u>

The notes on pages 24 to 50 form an integral part of these financial statements.



**G4S Care and Justice Services (UK) Limited**

**(Registration number: 00390328)**

**Statement of Financial Position as at 31 December 2022 (continued)**

29-Sep-23 | 14:06 BST

The financial statements on pages 19 to 50 were approved by the Board on ..... and signed on its behalf by:

DocuSigned by:

*Oliver Keck*

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O Keck

Director

The notes on pages 24 to 50 form an integral part of these financial statements.

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

G4S Care and Justice Services (UK) Limited is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a private company, limited by shares. The Company's registered office is: 6th Floor, 50 Broadway, London, SW1H 0DB.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary and it is included in the audited consolidated financial statements of its ultimate parent, Atlas Ontario LP. Copies of the consolidated financial statements of Atlas Ontario LP may be obtained from the G4S website ([www.g4s.com](http://www.g4s.com)). 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.

For details of the Company's principal activities, please refer to the Strategic Report on page 2.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

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

##### **Going concern**

The Company generates profits and cash inflows from the operation of long-term contracts for which management can reasonably predict the future financial performance. The Company has net assets of £167,203,000 and net current assets of £152,236,000 at the year end. In addition, the Company generated a profit of £25,918,000 during the year. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due for a period of at least twelve months from the date of signing the financial statements, consequently the financial statements have been prepared on a going concern basis.

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

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of Atlas Ontario LP. Copies of the consolidated financial statements of Atlas Ontario LP may be obtained from the G4S website ([www.g4s.com](http://www.g4s.com)).

These disclosure exemptions relate to:

- IAS 7 "Statement of cash flows";

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

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

- Paragraph 38 of IAS 1 “Presentation of Financial Statements” to present comparative information in respect of: paragraph 79 (a) (iv) of IAS 1, paragraph 73 (e) of IAS 16 “Property, Plant and Equipment” and paragraph 118 (e) of IAS 38 “Intangible Assets” (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, “Presentation of financial statements”: 10(d) (statement of cash flows); 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); 16 (statement of compliance with all IFRS); 38A (requirement for minimum of two primary statements, including cash flow statements); 38B-D (additional comparative information); 40A-D (requirements for a third statement of financial position); 111 (statement of cash flows information); and 134-136 (capital management disclosures);
- IFRS 7, “Financial Instruments: Disclosures”;
- Paragraphs 91 to 99 of IFRS 13 “Fair Value Measurement” (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a)-(c), 120-127 and 129 of IFRS 15 “Revenue from contracts with customers”;
- The requirements of paragraphs 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 “Leases”;
- Paragraphs 45 (b) and 46 to 52 of IFRS 2 “Share-based Payment” (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- The exemption from disclosing the impact of standards in issue but not yet adopted;
- Paragraph 17 of IAS 24 “Related Party Disclosures” (key management compensation); and
- The requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group.

##### **New standards, amendments, IFRIC interpretations and new relevant disclosure requirements**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

##### **Revenue recognition**

The Company's revenue arises from the provision of highly specialised services to central and local governments and government agencies and authorities including adult custody and rehabilitation, prisoner escorting and services related to electronic monitoring.

Revenue represents amounts arising from contracts with customers and is measured at the fair value of the consideration received or receivable, net of discounts, value-added tax (VAT) and other sales-related taxes.

The Company's contracts typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. Consideration received in respect of such services typically equates to the value of services supplied to the customer to date and the practical expedient has been applied under IFRS 15 to recognise revenue when services are provided for the amount that the Company has a right to invoice for those services. Certain contracts involve the provision of software licenses. Revenue is recognised at a point in time when the licenses are provided.

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Revenue recognition (continued)**

For the majority of the Company's contracts, invoices are raised in the month or months after the delivery of services. Accrued income arises in relation to services provided that have not been invoiced at the year end. For some contracts payments are received in advance of the performance of the related services and are recognised within deferred income until the related services are delivered.

##### **Contract acquisition and fulfilment costs**

The Company recognises the incremental costs of obtaining a contract with a customer as an asset, to the extent that those costs are expected to be recovered during the contract. Such capitalised costs are amortised over the contract term. Bid team and other costs incurred prior to winning a contract are not capitalised but are charged to the income statement as incurred.

Contract fulfilment costs are capitalised if they relate directly to a contract; result in the creation or enhancement of an asset to be used in the performance of that contract; and are expected to be recovered under that contract. Capitalised contract fulfilment costs are amortised over the contract term in line with the delivery of goods or services.

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

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

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

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

##### **Dividend income**

Dividend income is recognised in the Company's financial statements in the period in which the dividends are approved by the shareholders of the subsidiary company.

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

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

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

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

##### **Foreign currencies**

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

##### **Income tax**

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

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

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

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

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

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

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

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

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 2 Accounting policies (continued)

##### Depreciation

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

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

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

Asset class	Depreciation rate
Equipment	3 - 10 years
Leasehold improvements	over the shorter of useful economic life and period of the lease
Freehold property	up to a maximum of 50 years
Right of use assets	over the period of the lease

##### Intangible assets

###### Software

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

##### Amortisation

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

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

Asset class	Amortisation rate
Software	3 - 5 years

##### Investments

Investments in subsidiaries and joint ventures are stated at cost less provision of impairment.

##### Impairment of non-financial assets

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

##### 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 Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Financial instruments**

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

##### *Trade and other receivables*

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

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

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

##### *Accrued income*

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

##### *Trade and other payables*

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

##### *Deferred income*

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

##### *Borrowings*

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

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, amounts owed by Group undertakings and other contract assets (being the unbilled work in progress). The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Company considers would affect the ability of its customers to settle the receivables.

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Provisions**

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 likely outflows at the end of the reporting period.

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. 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 Company's exposure 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.

##### **Leases**

The Company leases a number of its office properties, vehicles and operating equipment. Rental contracts are typically made for fixed periods of around four to eight years but may have extension options.

Contracts may contain both lease and non-lease components. The Company has elected to apply the practical expedients of IFRS 16 not to separate non-lease components from lease components (as permitted by paragraph 15 of IFRS 16) and instead accounts for these as a single lease component.

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

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

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

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

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

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

##### **Leases (continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases have been defined by the Company as leases for an asset for which the present value of future lease payments is less than £2,500.

##### **Share capital**

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

##### **Share premium**

Share premium represents the excess of the issue price over the par value on share issues less transaction costs arising on issue.

##### **Share-based payments**

The Company benefits from equity-settled share-based payments issued by its intermediate 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 intermediate 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 intermediate 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.

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **3 Key accounting assessments**

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

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

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

#### *Estimates*

The estimates which are of most significance in the preparation of the Company's financial statements are detailed below.

#### **Provisions**

A key source of estimation uncertainty exists in relation to the quantification of the Company's provisions. For further details, please refer to note 21.

#### **Deferred tax assets**

Management judgement is required to determine the amount of deferred tax assets that can be recognised. The key source of estimation uncertainty relates to the likely timing and level of future taxable profits and assumptions, which are applied to determine the effect of future tax planning strategies. These judgements and assumptions may be affected by changes in legislation and in tax rates, and the financial performance of the group. The Company recognises a deferred tax asset of £3,121,000 in relation to unrecognised losses of £12,485,000; depending on the performance of the group over the next twelve months this is the potential range for the utilisation of tax losses. For further details, see note 12.

#### *Judgements*

The judgements which are of most significance in the preparation of the Company's financial statements are detailed below.

#### **Revenue recognition**

The Company delivers outsourcing services that in some circumstances can be complex in nature and may be governed by unique contractual arrangements. In these cases, revenue is recognised in line with the contract at the fair value of the consideration received or receivable. In such contracts, there can be significant judgements in relation to variations or claims not specified within the original contract; judgements related to the interpretation of complex contract wording; future costs to complete and expected margins; the impact of contractual performance conditions which may give rise to penalties; and whether certain contractual obligations in the mobilisation phase of a contract, including workforce assembly, are distinct performance obligations.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 3 Key accounting assessments (continued)

##### Provisions and contingent liabilities

The Company is from time to time party to legal proceedings and claims as part of the ordinary course of business. Judgements are required in order to assess whether these legal proceedings and claims are probable and the liability can be reasonably estimated, resulting in a provision, or alternatively, whether these items meet the definition of contingent liabilities. Provisions are liabilities of uncertain timing and amount and therefore in making a reliable estimate of the quantum and timing of liabilities, judgement is applied.

#### 4 Revenue

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

	2022 £ 000	2021 £ 000
Rendering of services	<u>239,979</u>	<u>228,750</u>

Revenue arose from activities originating solely in the United Kingdom. All revenue is recognised over time.

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

	2022 £ 000	2021 £ 000
<b>Current assets</b>		
Trade receivables	16,242	19,786
Loss allowance	(3)	(18)
Accrued income	<u>8,290</u>	<u>4,027</u>
<b>Total contract assets</b>	<u>24,529</u>	<u>23,795</u>
<b>Current liabilities</b>		
Deferred income (current)	<u>(5,435)</u>	<u>(1,601)</u>

During the year the Company recognised £1,581,000 of revenue that was held in deferred income as at 31 December 2021 (2021: £1,234,000 of revenue recognised was held in deferred income as at 31 December 2020), and £Nil (2021: £Nil) of revenue in relation to performance obligations satisfied in prior periods.

As at 31 December 2022, the Company recorded £Nil (2021: £Nil) of capitalised contract fulfilment costs on its statement of financial position. Amortisation and impairment loss recognised as the cost of providing services in relation to these contracts during the year was £Nil (2021: £Nil). The Company incurred £Nil (2021: £Nil) material contract acquisition costs during the current year.

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 5 Operating profit

Arrived at after charging:

	2022 £ 000	2021 £ 000
Depreciation expense on property, plant and equipment	243	410
Depreciation on right of use assets - Property	49	68
Depreciation on right of use assets - Vehicles	167	152
Depreciation on right of use assets - IT equipment	-	130
Amortisation expense	51	56
Loss on disposal of property, plant and equipment	19	-
Impairment of investments	700	5,500
Cost of inventories recognised as an expense	<u>292</u>	<u>307</u>

#### 6 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	93,819	92,471
Social security costs	9,219	8,354
Pension costs, defined contribution scheme	4,647	4,883
Redundancy costs	103	89
Share-based payment expenses	-	168
	<u>107,788</u>	<u>105,965</u>

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

	2022 No.	2021 No.
Administration and management	2,948	2,725
Other departments	<u>40</u>	<u>19</u>
	<u>2,988</u>	<u>2,744</u>

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration*	627	318
Pension costs, defined contribution scheme	<u>3</u>	<u>12</u>
	<u>630</u>	<u>330</u>

During the year, one director (2021: one director) accrued retirement benefits under defined contribution schemes and none (2021: none) accrued retirement benefits under defined benefit schemes. During the year, no directors (2021: one director) exercised share options.

The other four directors (2021: three directors) were remunerated by another Group company in respect of their services to the Company during the current or prior year. These costs were not recharged to the Company and the Company does not believe that it is possible to reasonably allocate these costs between Group companies.

The remuneration of the highest paid director for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration *	627	318
Pension costs, defined contribution scheme	<u>3</u>	<u>12</u>
	<u>630</u>	<u>330</u>

During the year the highest paid director did not exercise share options (2021: did not exercise share options).

\* Included within directors' remuneration are: base pay, benefits, annual bonus and cash pension allowance paid.

#### 8 Auditor's remuneration

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

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>250</u>	<u>250</u>

The Company did not incur any non-audit fees in the current or prior year.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 9 Dividend income

The Company received dividends from the following subsidiaries:

	2022 £ 000	2021 £ 000
Bridgend Custodial Services Limited	1,172	2,937

#### 10 Finance income

	2022 £ 000	2021 £ 000
Interest receivable on amounts owed by Group undertakings	4,363	2,603

#### 11 Finance costs

	2022 £ 000	2021 £ 000
Interest expense on lease liabilities	14	10

#### 12 Income tax expense

Tax expensed in the income statement is as follows:

	2022 £ 000	2021 £ 000
<b>Current tax</b>		
UK corporation tax	5,157	6,244
UK corporation tax adjustment to prior periods	(504)	712
Total current tax	4,653	6,956
<b>Deferred tax</b>		
Arising from origination and reversal of temporary differences	422	(730)
Arising from changes in tax rates and laws	133	(2,713)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(178)	(558)
Total deferred tax	377	(4,001)
Total income tax expense in the income statement	5,030	2,955

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 12 Income tax expense (continued)

The tax charge on profit for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before income tax	30,948	24,281
Corporation tax at standard rate	5,880	4,613
(Decrease)/increase in current tax from adjustment for prior periods	(504)	712
Decrease from effect of non-qualifying assets	-	(52)
Decrease from effect of income exempt from taxation	(223)	(558)
Increase from effect of expenses not deductible in determining taxable profit *	151	1,098
Decrease from transfer pricing adjustments	(229)	(171)
Deferred tax credit from unrecognised temporary difference from a prior period	(178)	(558)
Deferred tax expense/(credit) relating to changes in tax rates or laws	133	(2,713)
Increase from effect of exercise of employee share options	-	46
Total income tax expense	5,030	2,417

\* Refer to note 5 for more detail on the non-deductible expenses.

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

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 12 Income tax expense (continued)

##### Deferred tax

Deferred tax assets are as follows:

	Asset £ 000
<b>2022</b>	
Accelerated tax depreciation	7,723
Temporary differences	83
Tax losses carry-forwards	3,121
Share-based payment	-
Other items	-
	<u>10,927</u>
<b>2021</b>	
Accelerated tax depreciation	6,718
Temporary differences	199
Tax losses carry-forwards	4,387
Share-based payment	-
Other items	-
	<u>11,304</u>

Deferred tax movement during the year is as follows:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	6,718	1,005	7,723
Temporary differences	199	(116)	83
Tax losses carry-forwards	4,387	(1,266)	3,121
Share-based payment	-	-	-
Other items	-	-	-
Net tax assets	<u>11,304</u>	<u>(377)</u>	<u>10,927</u>



## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 12 Income tax expense (continued)

Deferred tax movement during the prior year was as follows:

	At 1 January 2021 £ 000	Recognised in income £ 000	31 December 2021 £ 000
Accelerated tax depreciation	3,745	2,973	6,718
Temporary differences	103	96	199
Tax losses carry-forwards	3,407	980	4,387
Share-based payment	46	(46)	-
Other items	5	(5)	-
Net tax assets	<u>7,306</u>	<u>3,998</u>	<u>11,304</u>

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

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax assets and liabilities on temporary differences have been provided at 25%.

At 31 December 2022, the Company has unutilised tax losses of approximately £12,485,000 (2021: £17,548,000) which are available for offset against future taxable profits. A deferred tax asset of £3,121,000 (2021: £4,387,000) has been recognised for these losses, which are expected to be recovered within five years. This loss utilisation period is based on approved budgets and business plans for that five year period and is therefore considered reasonably foreseeable.

The Company has a temporary difference in fixed assets of £30,894,000 at 31 December 2022 (2021: £26,873,000). The use of these in the future is very flexible in that the Company can choose whether to make a claim them each year and can then effectively shelter taxable profits in any other group company within the UK tax group with these tax deductions by surrendering losses as group relief, for which the Company receives payment. As a result, the Company is recognising a full deferred tax asset of £7,723,000 (2021: £6,718,000). This reflects the temporary difference being substantially recovered over the forthcoming ten years against the forecast profits of the UK tax group. While this is a longer recovery period than for tax losses, this is felt appropriate given the flexible nature of the capital allowances regime.

## G4S Care and Justice Services (UK) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

## 13 Property, plant and equipment

	Freehold property £ 000	Leasehold improvements £ 000	Equipment £ 000	Right of use assets (Property) £ 000	Right of use assets (Vehicles) £ 000	Assets under construction £ 000	Total £ 000
<b>Cost</b>							
At 1 January 2022	204	233	3,662	455	900	2	5,456
Additions	-	40	116	-	397	104	657
Disposals	-	(30)	-	-	(217)	-	(247)
Transfers	-	-	-	-	-	(2)	(2)
At 31 December 2022	204	243	3,778	455	1,080	104	5,864
<b>Accumulated depreciation</b>							
At 1 January 2022	136	209	3,239	387	444	-	4,415
Charge for the year	68	38	137	49	167	-	459
Eliminated on disposal	-	(10)	-	-	(86)	-	(96)
At 31 December 2022	204	237	3,376	436	525	-	4,778
<b>Carrying amount</b>							
At 31 December 2022	-	6	402	19	555	104	1,086
At 31 December 2021	68	24	423	68	456	2	1,041

During the year, assets with a cost of £2,000 were transferred from assets under construction (within property, plant and equipment) to software (within intangible assets).

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 14 Intangible assets

	Software £ 000
<b>Cost</b>	
At 1 January 2022	807
Transfers	<u>2</u>
At 31 December 2022	<u>809</u>
<b>Accumulated amortisation</b>	
At 1 January 2022	731
Amortisation charge	<u>51</u>
At 31 December 2022	<u>782</u>
<b>Carrying amount</b>	
At 31 December 2022	<u>27</u>
At 31 December 2021	<u>76</u>

During the year, assets with a cost of £2,000 were transferred from assets under construction (within property, plant and equipment) to software (within intangible assets).

Amortisation expenses of £51,000 are included within cost of sales (2021: £53,000 was included within cost of sales and £3,000 was included within administrative expenses).

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 15 Investments

##### Investments in subsidiaries

	£ 000
<b>Cost</b>	
At 1 January 2022	5,433
At 31 December 2022	5,433
<b>Provision</b>	
At 1 January 2022	-
At 31 December 2022	-
<b>Carrying amount</b>	
At 31 December 2022	5,433
At 31 December 2021	5,433

##### Investments in joint ventures

	£ 000
<b>Cost</b>	
At 1 January 2022	15,000
At 31 December 2022	15,000
<b>Accumulated impairment</b>	
At 1 January 2022	14,300
Provision	700
At 31 December 2022	15,000
<b>Carrying amount</b>	
At 31 December 2022	-
At 31 December 2021	700

In the year, impairment review has been performed for all of the Company's investments. Where impairment triggers are identified, the recoverable amount of an investment is determined by its value in use or the fair value less cost to sell of the investment. Value in use has been determined using a discounted cash flow model. For the year ended 31 December 2022 an impairment charge of £700,000 (2021: £5,500,000) has been recorded in respect of the Company's investments.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 15 Investments (continued)

Details of the subsidiary undertakings and other significant undertakings as at 31 December 2022, where the Company's holding is 20% or greater, are as follows:

#### Investment in joint venture

	Class of holding	Ownership	Registered address
Bridgend Custodial Services Limited *	Ordinary	58.67%	Challenge House, International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8UQ

\* Direct investment

#### Investments in subsidiaries

	Class of holding	Ownership	Registered address
G4S Monitoring Technologies Limited *	Ordinary	100.00%	6th Floor, 50 Broadway, London, England, SW1H 0DB
Attenti EM Limited	Ordinary	100.00%	2 Habarzel St Tel Aviv- Jaffa 6971002, Israel
Attenti Resident Monitoring Limited	Ordinary	100.00%	2 Habarzel St Tel Aviv- Jaffa 6971002, Israel
Attenti Electronic Monitoring Limited	Ordinary	100.00%	2 Habarzel St Tel Aviv- Jaffa 6971002, Israel
Attenti Electronic Monitoring Group Limited	Ordinary	100.00%	2 Habarzel St Tel Aviv- Jaffa 6971002, Israel
Attenti Resident Monitoring Inc	Ordinary	100.00%	1838 Gunn Highway Odessa, FL 33556, United States
ProTech Holding Inc	Ordinary	100.00%	1838 Gunn Highway Odessa, FL 33556, United States
Attenti US, Inc.	Ordinary	100.00%	1838 Gunn Highway Odessa, FL 33556, United States
Attenti EM UK Limited	Ordinary	100.00%	4th Floor, 3 More London Riverside, London, SE1 2AQ, United Kingdom
Attenti Australia Pty Limited	Ordinary	100.00%	Building C, TMF Corporate Services (Aust) Pty Limited, Level 9, 63 Exhibition Street, Melbourne, Victoria 3000, Australia
Attenti New Zealand Limited	Ordinary	100.00%	TMF Group, Level 11, 41 Shortland Street, Auckland 1010, New Zealand
Attenti Iberia S.L.	Ordinary	100.00%	Paseo De Castellana 35-5, Madrid 28046, Spain

\* Direct investment

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 16 Inventories

	2022 £ 000	2021 £ 000
Raw materials and consumables	554	593
Other inventories	606	451
	<u>1,160</u>	<u>1,044</u>

#### 17 Trade and other receivables

	2022 £ 000	2021 £ 000
Trade receivables	16,242	19,786
Loss allowance	(3)	(18)
Net trade receivables	16,239	19,768
Amounts owed by subsidiary undertakings	5,594	5,657
Amounts owed by Group undertakings	210,105	193,434
Accrued income	8,290	4,027
Prepayments	421	1,754
Other receivables	2,660	1,505
	<u>243,309</u>	<u>226,145</u>

Included in amounts owed by Group undertakings are loans of £207,610,000 (2021: £193,284,000) which are unsecured and repayable on demand. Interest is charged on these loans at the Sterling Overnight Index Average (SONIA) plus a margin of 1.0% (2021: the London Interbank Offered Rate (LIBOR) plus a margin of 1.5%). All other amounts owed by Group undertakings and subsidiary undertakings are trading in nature, unsecured, interest-free and repayable on demand.

The loss allowance on external trade receivables as at 31 December 2022 is £3,000 (2021: £18,000). All amounts owed by Group undertakings are repayable on demand and the expected loss rate for the Company is 0% (2021: 0%).

#### 18 Cash and cash equivalents

Included in cash and cash equivalents balance of £1,879,000 (2021: £1,626,000) is £77,000 (2021: £57,000) that is restricted and not available for general use by the Company as it is held on behalf of third parties.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 19 Trade and other payables

	2022 £ 000	2021 £ 000
Trade payables	12,551	14,335
Accrued expenses	14,418	18,492
Amounts owed to Group undertakings	21,373	27,863
Social security and other taxes	7,427	12,145
Deferred income	5,435	1,601
Other payables	6,200	6,281
Total trade and other payables included within current liabilities	<u>67,404</u>	<u>80,717</u>

Amounts owed to Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

#### 20 Lease liabilities

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

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

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

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

	2022 £ 000	2021 £ 000
Property	19	68
Vehicles	555	456
	<u>574</u>	<u>524</u>

Carrying amount of right-of-use assets is included within property, plant and equipment (see note 13).

Additions to right-of-use assets during the year totalled £397,000 (2021: £258,000).

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 20 Lease liabilities (continued)

##### Lease liabilities

	2022 £ 000	2021 £ 000
Current lease liabilities	293	239
Non-current lease liabilities	268	279
	<u>561</u>	<u>518</u>

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

The Income Statement includes the following amounts relating to leases:

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

	2022 £ 000	2021 £ 000
Property	49	68
Vehicles	167	152
IT equipment	-	130
	<u>216</u>	<u>350</u>

##### Other income and expenses related to leases

	2022 £ 000	2021 £ 000
Interest expense on lease liabilities	14	10
Expenses relating to short-term leases	<u>7</u>	<u>4</u>



## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **20 Lease liabilities (continued)**

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

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

The Company leases a number of its office properties, vehicles and operating equipment. Property leases are negotiated over an average term of around eight 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.

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

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

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

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

###### ***Sale and leaseback transactions***

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

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 21 Provisions

	<b>Deferred Prosecution Agreement £ 000</b>	<b>Other * £ 000</b>	<b>Total £ 000</b>
At 1 January 2022	5,737	11,786	17,523
Additional provisions in the year	11,800	4,718	16,518
Utilisation of provision	(4,975)	(1,869)	(6,844)
Unused amounts reversed	(2,200)	(1,788)	(3,988)
At 31 December 2022	<u>10,362</u>	<u>12,847</u>	<u>23,209</u>
Non-current liabilities	<u>-</u>	<u>2,238</u>	<u>2,238</u>
Current liabilities	<u>10,362</u>	<u>10,609</u>	<u>20,971</u>

\* The Company previously recorded provisions for settlement costs on insured legal claims net of insurance cover. This has been grossed up on the Statement of financial position in 2022 with a corresponding increase in other receivables.

Other provisions include £3,500,000 legal claim provision, £2,171,000 asset replacement provision, £2,083,000 catering related provision, and £5,093,000 other provisions.

In 2020, G4S Care and Justice Services (UK) Limited entered into a voluntary Deferred Prosecution Agreement ("DPA") with the UK Serious Fraud Office ("SFO"). Included in DPA-related provisions are amounts relating to future costs to fulfil the entity's obligations under the DPA, which includes continued implementation and external review of the entity's program of corporate renewal.

A key source of estimation uncertainty exists in relation to the quantification of the Company's provisions. Given the nature and complexity of some provisions, reasonably possible changes in key assumptions may have a material impact on their values. Management has considered all possible scenarios with the information available at the time and believes these provisions reflect the Company's best estimate of the probable exposure at 31 December 2022. If reasonably possible changes occurred, this would result in a movement of approximately £3,000,000 in the provision value..

#### 22 Share capital

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

	<b>2022 No. 000</b>	<b>2022 £ 000</b>	<b>2021 No. 000</b>	<b>2021 £ 000</b>
Ordinary shares of £1 each	<u>51,538</u>	<u>51,538</u>	<u>51,538</u>	<u>51,538</u>

## **G4S Care and Justice Services (UK) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **23 Retirement benefit obligations**

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

##### *Defined contribution pension scheme*

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

##### *Defined benefit pension schemes*

The defined benefit scheme is comprised of three sections: GSL, Group 4 and Securicor. 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 Limited group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

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

Further information on the defined benefit schemes has been disclosed in the financial statements of G4S Limited.

#### **24 Share-based payments**

All shares allocated to key management of the Company, under the G4S plc performance share plan, vested in full in April 2021 as the Company was de-listed from the London stock exchange upon the takeover by Atlas UK Bidco Limited. Any new incentive units issued subsequently were issued by Atlas Ontario LP and included in the consolidated financial statements of that limited partnership.

The weighted average remaining contractual life of conditional share allocations outstanding at 31 December 2022 was nil months (2021: nil months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was nil (2021 0p). The weighted-average share price at the date of exercise for the shares exercised during the year was 0p (2021: 245p).

#### **25 Contingent liabilities**

In the ordinary course of business, contingent liabilities exist where the Company 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 Company.

## G4S Care and Justice Services (UK) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 26 Related party transactions

##### Summary of transactions with joint ventures

The Company owns a joint venture, Bridgend Custodial Services Limited, directly.

	Services/sales to  2022 £ 000	Amounts receivable  2022 £ 000	Services/sales to  2021 £ 000	Amounts receivable  2021 £ 000
Bridgend Custodial Services Limited *	66,766	347	65,525	7,636

\* The investment in this joint venture is owned directly by the Company.

#### 27 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is G4S Regional Management (UK&I) Limited.

The Company's ultimate parent undertaking and ultimate controlling party is Atlas Ontario LP, a limited partnership formed under the laws of the Province of Ontario, Canada. The registered office of Atlas Ontario LP is 450 Exchange, Irvine, California 92602, USA. Atlas Ontario LP is also the parent undertaking of both the smallest and largest groups which include the results of the Company and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of Atlas Ontario LP are available from the G4S website ([www.g4s.com](http://www.g4s.com)).

#### 28 Events after the end of the reporting period

On 27 April 2023 the Company waived an intercompany loan receivable for the amount of £5,800,000 which was payable by G4S Monitoring Technologies Limited, a direct subsidiary of the Company. As a result, the intercompany receivable was written off with a corresponding increase in investment in the subsidiary.