Registration number: 00390328

G4S Care and Justice Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

G4S Care and Justice Services (UK) Limited

Contents

G4S Care and Justice Services (UK) Limited

Company Information

Directors	G M Nienaber
	G A Levinsohn
	O Keck
	G Brockington
Company secretary	R Y Bartlett
Registered office	46 Gillingham Street London SW1V 1HU
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

G4S Care and Justice Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their report for the year ended 31 December 2020.

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 £113,994,000 (2019: £69,650,000). This represents a year-on-year increase of £44,344,000 (63.7%).

The Company recorded sales of £228,152,000 (2019: £296,465,000). This represents a year-on-year decrease of £68,313,000 (23.0%). The Company recorded cost of sales of £170,639,000 (2019: £274,689,000). This represents a year-on-year decrease of £104,050,000 (37.9%). This is mainly due to the expiry of both the UK Compass asylum seeker and the HMP Birmingham prison contracts during the prior year with full year impact in 2020. Both were loss-making. Overall, the Company recorded gross profit of £57,513,000 (2019: £21,776,000). This represents a year-on-year increase of £35,737,000 (264.1%). Prior year results included a one off £50,000,000 charge as a result of the Deferred Prosecution Agreement ("DPA") the Company entered into with the Serious Fraud Office ("SFO").

The current year includes a specific credit of £798,000 (2019: £17,743,000) as a result of favourable commercial negotiation results on certain matters and prior year improvements in the performance of onerous contracts; and a specific charge of £1,658,000 (2019: £54,794,000) primarily relating to activities associated with the SFO investigation that was not covered by the £50,000,000 provided for in 2019.

The Company made a profit for the financial year of £44,236,000 (2019 restated: loss of £13,106,000). This represents a year-on-year increase of £57,342,000 (437.5%). Additional movement not covered above is a £19,600,000 decrease in Group Royalty recharge included as part of administrative expenses. The reduction is to reflect the loss making position the Company was in 2019 after incurred the £50,000,000 DPA costs.

The directors consider the result for the year to be satisfactory.

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 upcoming UK Government outsourcing contract bids, such as HMP Glen Pava prison contract, where they fit the Company's strategic growth.

In youth custody and associated services, declining margins coupled with greater reputation risk are expected to contribute to a more challenging operating environment.

The Company was awarded the HMP Wellingborough prison contract which started in December 2020. Being a new built prison, it is currently empty and mobilisation work will take place in 2021 with the intention to reach operational status in early 2022.

As at 6 April 2021, the G4S plc Group was acquired by Atlas Bidco and the Group (and therefore the Company) became a subsidiary of Allied Universal. For the year in review, and at the balance sheet date, the Company's policies, processes and controls were consistent with those of the wider G4S plc Group. Refer to note 28 for further details.

Key performance indicators

The directors utilise a wide range of operational performance measures to monitor the Company's business activities. However, the operational performance measures are all specific to a particular activity or contract. The Company's directors do not believe that using further key performance indicators would be necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

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, particularly if rapid or unpredictable, impact 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.

Principal risks and uncertainties (continued)

(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 G4S plc Group ('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.

In 2021 group internal audit will focus available resources on a risk assessed basis, taking into consideration any work already carried out as a result of 360° contract assurance reviews.

(4) *COVID - 19*

We have a large workforce, including many key workers delivering essential services, and therefore the risks of adverse health and safety, operational and financial impacts arising from the pandemic and the associated governmental responses in the markets where we operate could be significant.

The safety of our employees and those in our care is our first priority and is at the forefront of our response to the pandemic.

Given the essential nature of our services, our current ability to continue to deliver these and the latest discussions with our customers, we do not believe at this time that there is a significant financial risk to the company as a result of the pandemic.

Risk mitigation approach

The Company has taken action across a wide range of fronts in mitigation of the risks presented by the pandemic. We have instituted protective measures for staff in the "frontline", which in some cases included wearing protective equipment and guidelines to follow in certain security situations.

The Company has rolled out Business Continuity Plans to ensure we are actively managing the disruption presented by this pandemic. We provide essential services for our customers and the continuation of these services is a key priority. Contingency plans have been implemented in consultation with our customers on whose sites we operate and we are implementing a range of measures to mitigate operational and commercial risks as they emerge.

We are working closely with customers to understand their actions in response to the pandemic and are ensuring we understand, and engage, the help and support available from the government.

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

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

The following paragraphs summarise how directors fulfil their duties:

Long-term view

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

Our employees

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

Business relationships

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

As a minimum, all of our Suppliers must comply with the G4S Supplier Code of Conduct. 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. We are also committed to the UK Prompt Payment Code.

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

G4S Care and Justice Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

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

Community and environment
Our key priorities include taking care of the health and well-being of our employees through awareness training and ongoing programs, creation of new employment opportunities as well as generating safe working environment for our employees and safe and secure communities.

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

Our reputation
Strong brand and reputation differentiate us in the competitive market place. We hold ourselves, our employees and our business partners to high standards, embodied in the set of our corporate values.

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

Acting fairly
It is the Company's policy to give fair consideration to applications for employment from all backgrounds. The Company values diversity and engage with employees through different channels. Details are in the "Employee engagement" section. The Company has a responsible purchasing policy and consider all potential suppliers under the same criteria, including SMEs.

Approved by the Board on 20 August 2021 and signed on its behalf by:

DocuSigned by:
Oliver Keck
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Director

G4S Care and Justice Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

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

J M Hartley (resigned 15 September 2020)

G M Nienaber

G A Levinsohn

O Keck (appointed 15 September 2020)

The following director was appointed after the year end:

G Brockington (appointed 27 April 2021)

Results and dividends
The results for the year are set out on page 14. The directors do not recommend the payment of a dividend (2019: £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.

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

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

- Formal consultative committees and focus groups have been used to ensure that issues of mutual interest can be discussed and resolved.
- Onboarding, induction and refresher training have continued to be a priority. The Company offers all employees the opportunity to increase their skills and knowledge at work. Employees are encouraged to take responsibility for their own learning on an on-going basis using the extensive range of materials available, and using technology platforms to share training and learning paths more effectively.

Employee engagement (continued)

- 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. Further details of these can be found in the consolidated financial statements of G4S plc.

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

Key other stakeholders	**How the Board engages**
Customers	Through understanding our customers' needs we offer value-added, cost effective services. This understanding comes from strong engagement with customers. Key areas of interest for customers include quality and price of service delivery, health and safety and business ethics. During the year the directors attended a number of meetings with customers and received customer feedback and information. The directors also review customers' changing expectations or needs regularly.
Suppliers	The Company has a responsible purchasing policy consistent with its business ethics. Engagement with suppliers takes place in many different ways. As a minimum, all of our suppliers must comply with the G4S Supplier Code of Conduct. 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 payments are important to suppliers. It is our policy to pay suppliers in accordance with agreed Terms & Conditions or Contracts. G4S is committed to the UK Prompt Payment Code where relevant.

Environmental matters

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

Greenhouse gas emissions

Further details of the greenhouse gas emissions of the G4S plc group, which the Company is a member of, are included in the consolidated financial statements of G4S plc.

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

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

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

Statement of private company governance arrangements
The Company's ultimate parent as at balance sheet date, G4S plc applied the UK Corporate Governance Code 2018 which was applied throughout the Group. Details of how the Group complies with the Code are included in the consolidated financial statements of G4S plc. The Company complies with the policies and processes implemented in accordance with the Code, where relevant and appropriate.

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.

Disclosure of information to the auditors

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

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

Independent auditors

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

Approved by the Board on 20 August 2021 and signed on its behalf by:

DocuSigned by:
Oliver Keck
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O Keck
Director

Independent auditors' report to the members of G4S Care and Justice Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, G4S Care and Justice Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

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

- agreeing management's cash flow projections to the latest Board approved forecasts and verifying the mathematical accuracy of the cash flow forecast model;
- challenging the adequacy and appropriateness of the underlying assumptions used in the forecasts including performing our own independent sensitivity analysis; and
- assessing the performance of the company since year-end and comparing it to the Board approved cash flow forecasts.

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.

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.

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

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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.

Auditors' responsibilities for the audit of the financial statements

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

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to (i) compliance with competition laws; (ii) payroll and health and safety laws and regulations; and (iii) tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to manipulate financial results and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

- review of Board minutes and discussions with management, internal audit and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- challenging assumptions made by management in their significant accounting estimates, including the measurement of litigation provisions and contingent liabilities and the disclosure of these items; and
- testing of material journal entries and post-close adjustments, including the testing of unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Frances Cucinotta (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 August 2021

G4S Care and Justice Services (UK) Limited

Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	Restated * 2019 £ 000
Revenue	4	228,152	296,465
Cost of sales		(170,639)	(274,689)
Cost of sales excluding specific items		(169,779)	(237,638)
Specific items - charges	5	(1,658)	(54,794)
Specific items - credits	5	798	17,743
Gross profit		57,513	21,776
Administrative expenses		(9,061)	(28,430)
Impairment of investments	5, 15	(3,700)	(2,566)
Operating profit/(loss)	5	44,752	(9,220)
Dividend income	9	3,712	2,566
Finance income	10	2,881	3,217
Finance costs	11	(40)	(189)
Profit/(loss) before income tax		51,305	(3,626)
Income tax expense	12	(7,069)	(9,480)
Profit/(loss) for the financial year		44,236	(13,106)

The above results were derived from continuing operations.

* See note 29 for details of prior period restatement.

G4S Care and Justice Services (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £ 000	Restated * 2019 £ 000
Profit/(loss) for the financial year	44,236	(13,106)
Total comprehensive income/(expense) for the financial year	44,236	(13,106)

* See note 29 for details of prior period restatement.

G4S Care and Justice Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Restated * Retained earnings £ 000	Restated * Total £ 000
At 1 January 2019 (as reported)	51,538	3,983	29,742	85,263
Prior period adjustment	-	-	(2,534)	(2,534)
At 1 January 2019 (restated)	51,538	3,983	27,208	82,729
Comprehensive expense:				
Loss for the financial year (as reported)	-	-	(10,540)	(10,540)
Prior period adjustment	-	-	(2,566)	(2,566)
Total comprehensive expense for the financial year (restated)	-	-	(13,106)	(13,106)
Transactions with owners:				
Share based payment transactions	-	-	25	25
Tax on items taken to equity	-	-	2	2
Total transactions with owners	-	-	27	27
At 31 December 2019 (restated)	51,538	3,983	14,129	69,650
At 1 January 2020	51,538	3,983	14,129	69,650
Comprehensive income:				
Profit for the financial year	-	-	44,236	44,236
Total comprehensive income for the financial year	-	-	44,236	44,236
Transactions with owners:				
Share based payment transactions	-	-	106	106
Tax on items taken to equity	-	-	2	2
Total transactions with owners	-	-	108	108
At 31 December 2020	51,538	3,983	58,473	113,994

* See note 29 for details of prior period restatement.

G4S Care and Justice Services (UK) Limited

(Registration number: 00390328)
Statement of Financial Position as at 31 December 2020

	Note	2020 £ 000	Restated * 2019 £ 000
Non-current assets			
Property, plant and equipment	13	1,590	2,361
Intangible assets	14	111	185
Investments in subsidiaries	15	5,433	5,433
Investments in joint ventures	15	6,200	9,900
Deferred tax assets	12	7,306	6,461
		20,640	24,340
Current assets			
Inventories	16	968	1,162
Trade and other receivables	17	183,912	177,548
Cash and cash equivalents	18	1,753	1,928
		186,633	180,638
Total assets		207,273	204,978
Current liabilities			
Trade and other payables	19	(74,146)	(67,547)
Bank overdrafts		(73)	-
Lease liabilities	20	(400)	(472)
Current tax liabilities		(9,369)	(8,385)
Provisions	21	(4,922)	(56,364)
		(88,910)	(132,768)
Non-current liabilities			
Lease liabilities	20	(396)	(578)
Provisions	21	(3,973)	(1,982)
		(4,369)	(2,560)
Total liabilities		(93,279)	(135,328)
Net assets		113,994	69,650
Equity			
Share capital	22	51,538	51,538
Share premium		3,983	3,983
Retained earnings		58,473	14,129
Total shareholders' funds		113,994	69,650

* See note 29 for details of prior period restatement.

G4S Care and Justice Services (UK) Limited

(Registration number: 00390328)
Statement of Financial Position as at 31 December 2020 (continued)

The financial statements on pages 14 to 48 were approved by the Board on 20 August 2021 and signed on its behalf by:

DocuSigned by:

Oliver Keck

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O Keck
Director

G4S Care and Justice Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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: 46 Gillingham Street, London, SW1V 1HU.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary of a company established in the UK and it is included in the audited consolidated financial statements of its UK-established ultimate parent, G4S plc. The registered office of G4S plc is 46 Gillingham Street, Pimlico, London, England, SW1V 1HU. These financial statements therefore present information about the Company as an individual entity only and not as a group.

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

2 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, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, 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.

Summary of disclosure exemptions
The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of G4S plc. Copies of the consolidated financial statements of G4S plc may be obtained by writing to the Company Secretary, G4S plc, 46 Gillingham Street, Pimlico, London, England, SW1V 1HU.

These disclosure exemptions relate to:

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

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 40A, 40B, 40C and 40D of IAS 1 "Presentation of Financial Statements";
- financial instruments disclosures required by IFRS 7 "Financial Instruments: Disclosures";
- disclosures required by IFRS 13 "Fair Value Measurement";
- the requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a)-(c),120-127 and 129 of IFRS 15 "Revenue from contracts with customers";
- the requirements of paragraphs 52, 58, 90, 91 and 93 of IFRS 16 "Leases";
- the requirements of paragraphs 45 (b) and 46 to 52 of IFRS 2 "Share-based Payment";
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures" and the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more wholly-owned members of a group; and
- capital management disclosures required by paragraphs 134 of 136 of IAS 1 "Presentation of Financial Statements".

New standards, interpretations and amendments effective for the first time

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the 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 immigration services.

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

Contracts for care and justice services 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.

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.

2 Accounting policies (continued)

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.

Specific items
The income statement separately identifies results before specific items. Specific items are those that in management's judgement need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

All items that are reported as specific items are evaluated and approved by the Company's management prior to being separately disclosed. The Company seeks to be balanced when reporting specific items for both debits and credits, and any reversals of excess provisions previously created as specific items are classified consistently as specific items.

Specific items may not be comparable to similarly-titled measures used by other companies.

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

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

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

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.

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.

2 Accounting policies (continued)

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.

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**
Leasehold improvements	over the shorter of useful economic life and period of the lease
Right of use assets	over the period of the lease
Equipment	3 - 10 years

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	2 - 8 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.

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 G4S plc group) are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances.

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

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

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

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

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

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

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

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

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

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

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

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

2 Accounting policies (continued)

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 share-based payments issued by G4S plc, its ultimate parent, to certain employees. The Company does not have an obligation to settle the transaction with its employees, as this is the obligation of G4S plc. Therefore, the Company accounts for the share-based payments as equity settled, and recognises the corresponding increase in equity as a contribution from its parent.

The fair value of share-based payments is determined at the date of grant and expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest. These changes exclude those resulting from any market-related performance conditions.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

The judgements, estimates and assumptions which are of most significance in the preparation of the Company's financial statements are detailed below:

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

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

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

Impairment of investments
Investments are tested for impairment where there are financial or non-financial indicators that the carrying value of investments may be greater than the expected present value of future cash flows. Judgement is required to determine whether such indicators exist. Where it is determined that a test for impairment is required, the inputs into the impairment model such as growth, future cash flows and discount rates are estimated. These estimates and assumptions can have a significant impact on the result of the calculation and determine whether an impairment is recognised.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Loss allowances against amounts owed by Group undertakings

The Company holds amounts owed by other G4S plc group entities. The decision whether to recognise a loss allowance against such receivables requires judgement in respect of the underlying operational performance and economic risks faced by other Group companies.

If it is decided that the loss allowance should be computed, such computation involves estimation of the expected loss rate. The expected loss rates are based on the payment profiles of receivables over a period of at least 36 months before the end of the relevant reporting year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Company considers would affect the ability of the counterparty to settle the receivables.

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 and estimates in relation to variations or claims not specified within the original contract, to interpretation of complex contract wording, and in relation to estimates required to determine future costs to complete and expected margins, including the impact of contractual performance conditions which may give rise to penalties.

4 Revenue

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

	2020 £ 000	2019 £ 000
Rendering of services	228,152	296,465

Revenue arose from activities originating solely in the United Kingdom.

Assets and liabilities related to contracts with customers

	2020 £ 000	2019 £ 000
Current assets		
Trade receivables	19,875	19,813
Loss allowance	(47)	(64)
Accrued income	2,126	1,057
Total contract assets	21,954	20,806
Current liabilities		
Deferred income (current)	(2,030)	(1,741)

During the year the Company recognised £871,000 of revenue that was held in deferred income as at 31 December 2019 (2019: £802,000 of revenue recognised was held in deferred income as at 31 December 2018), and £Nil (2019: £Nil) of revenue in relation to performance obligations satisfied in prior periods.

As at 31 December 2020, the Company recorded £Nil (2019: £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 (2019: £Nil). The Company incurred £70,000 (2019: £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.

5 Operating profit/(loss)

Arrived at after charging/(crediting):

	2020 £ 000	Restated * 2019 £ 000
Specific items - credits	(798)	(17,743)
Specific items - charges	1,658	54,794
Depreciation expense	688	548
Depreciation on right of use assets - Property	29	7,692
Depreciation on right of use assets - Vehicles	288	547
Depreciation on right of use assets - IT equipment	141	127
Amortisation expense	74	81
Loss/(profit) on disposal of property, plant and equipment	166	(85)
Impairment of investments (restated *)	3,700	2,566
Cost of inventories recognised as an expense	268	565

* See note 29 for details of prior period restatement.

Specific items

In the current year, cost of sales includes a specific items credit of £798,000 (2019: £17,743,000) as a result of favourable commercial negotiation outcome on certain matters and prior year improvements in the performance of onerous contracts. This year's operating profit included a specific charge of £1,658,000 (2019: £54,794,000) primarily due to an increase to the £50,000,000 DPA provision recognised in 2019. The DPA provision in 2019 was not tax deductible, which led to the material increase in the tax charge from the effect of expenses not deductible of £10,396,000 that year.

On 10 July 2020, we announced that, in relation to the SFO investigation in respect of the Company's Electronic Monitoring services between 2004 and 2013, the Company had agreed a Deferred Prosecution Agreement ("DPA") with the SFO. The DPA is a voluntary agreement under which the Company will not be prosecuted provided the business fulfils certain requirements, including paying a financial penalty of £38,500,000, plus a payment of £5,900,000 in respect of the SFO's costs. Including our own legal and other costs associated with the DPA, we made an additional provision of £50,000,000 in the 2019 financial statements by recording this as an adjusting post balance sheet event. We paid the financial penalty and the SFO's costs in the second half of 2020. In 2020, the provision has been increased by a further £1,500,000.

6 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	93,120	107,994
Social security costs	8,459	9,786
Pension costs, defined contribution scheme	5,809	6,663
Redundancy costs	83	64
Share-based payment expenses	106	25
	107,577	124,532

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

	2020 No.	2019 No.
Administration and management	2,807	3,420
Other departments	30	30
	2,837	3,450

7 Directors' remuneration

The directors were remunerated by another Group company in respect of their services to the Company during the current or prior year. These were not recharged to the Company.

8 Auditors' remuneration

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

	2020 £ 000	2019 £ 000
Audit of the financial statements	242	219

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

9 Dividend income

The Company received dividends from the following subsidiaries:

	2020 £ 000	2019 £ 000
Bridgend Custodial Services Limited	3,712	2,566

10 Finance income

	2020 £ 000	2019 £ 000
Interest income on cash and cash equivalents	-	30
Interest receivable on amounts owed by Group undertakings	2,772	3,109
Foreign exchange gains	7	-
Other finance income	102	78
	2,881	3,217

11 Finance costs

	2020 £ 000	2019 £ 000
Foreign exchange losses	-	7
Interest expense on lease liabilities	18	182
Other finance costs	22	-
	40	189

12 Income tax expense

Tax expensed in the income statement is as follows:

	2020 £ 000	2019 £ 000
Current tax		
UK corporation tax	9,371	8,385
UK corporation tax adjustment to prior periods	(1,458)	139
Total current tax	7,913	8,524
Deferred tax		
Arising from origination and reversal of temporary differences	291	1,147
Arising from changes in tax rates and laws	(339)	(119)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(796)	(72)
Total deferred tax	(844)	956
Total income tax expense in the income statement	7,069	9,480

12 Income tax expense (continued)

The tax charge on profit/(loss) for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	Restated 2019 £ 000
Profit/(loss) before income tax	51,305	(3,626)
Corporation tax at standard rate	9,748	(689)
(Decrease)/increase in current tax from adjustment for prior periods	(1,458)	139
Increase from effect of non-qualifying assets	14	14
Decrease from effect of income exempt from taxation	(718)	(549)
Increase from effect of expenses not deductible in determining taxable profit/(tax loss) *	758	10,884
Decrease from transfer pricing adjustments	(88)	(85)
Deferred tax credit from unrecognised temporary difference from a prior period	(796)	(72)
Deferred tax credit relating to changes in tax rates or laws	(339)	(119)
Decrease from effect of exercise of employee share options	(28)	(43)
Decrease from effects of employee share acquisition	(24)	-
Total income tax expense	7,069	9,480

* Refer to note 5 for more detail on the non-deductible expenses. In addition, the 2019 number has been restated as a result of the restatement in investment impairments. Refer to Note 29 for more details on the restatement.

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

12 Income tax expense (continued)

Deferred tax

Deferred tax assets are as follows:

2020	Asset £ 000
Accelerated tax depreciation	3,745
Temporary differences	103
Tax losses carry-forwards	3,407
Share-based payment	46
IFRS 15 deferred income	-
Other items	5
	7,306

2019	Asset £ 000
Accelerated tax depreciation	2,384
Temporary differences	92
Tax losses carry-forwards	3,898
Share-based payment	77
IFRS 15 deferred income	-
Other items	10
	6,461

G4S Care and Justice Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Income tax expense (continued)

Deferred tax movement during the year is as follows:

	At 1 January 2020 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2020 £ 000
Accelerated tax depreciation	2,384	1,361	-	3,745
Temporary differences	92	11	-	103
Tax losses carry-forwards	3,898	(491)	-	3,407
Share-based payment	77	(32)	1	46
IFRS 15 deferred income	-	-	-	-
Other items	10	(5)	-	5
Net tax assets/(liabilities)	6,461	844	1	7,306

Deferred tax movement during the prior year was as follows:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	2,519	(135)	2,384
Temporary differences	118	(26)	92
Tax losses carry-forwards	4,691	(793)	3,898
Share-based payment	39	38	77
IFRS 15 deferred income	-	-	-
Other items	50	(40)	10
Net tax assets/(liabilities)	7,417	(956)	6,461

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

Deferred tax assets and liabilities on temporary differences have been provided at 19%.

The Company has tax losses of £17,930,000 (2019: £22,930,000) which are available for offset against future taxable profits. A deferred tax asset of £3,407,000 (2019: £3,898,000) has been recognised in respect of these losses as they 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.

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. As the proposal to increase the tax rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £1,585,000, and increase the deferred tax asset by £1,585,000.

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	Right of use assets (IT equipment) £ 000	Assets under construction £ 000	Total £ 000
Cost								
At 1 January 2020	204	179	4,531	1,101	913	1,143	-	8,071
Additions	-	41	83	-	464	29	95	712
Disposals	-	-	(1,109)	(750)	(360)	-	-	(2,219)
At 31 December 2020	204	220	3,505	351	1,017	1,172	95	6,564
Accumulated depreciation								
At 1 January 2020	-	146	3,283	892	489	900	-	5,710
Charge for the year	68	60	560	29	288	142	-	1,147
Eliminated on disposal	-	-	(943)	(602)	(338)	-	-	(1,883)
At 31 December 2020	68	206	2,900	319	439	1,042	-	4,974
Carrying amount								
At 31 December 2020	136	14	605	32	578	130	95	1,590
At 31 December 2019	204	33	1,248	209	424	243	-	2,361

14 Intangible assets

	Software £ 000
Cost	
At 1 January 2020	892
Disposals	(106)
At 31 December 2020	786
Accumulated amortisation	
At 1 January 2020	707
Amortisation charge	74
Eliminated on disposals	(106)
At 31 December 2020	675
Carrying amount	
At 31 December 2020	111
At 31 December 2019	185

15 Investments

Investments in subsidiaries

	£ 000
Cost	
At 1 January 2020	5,433
At 31 December 2020	5,433
Provision	
At 1 January 2020	-
At 31 December 2020	-
Carrying amount	
At 31 December 2020	5,433
At 31 December 2019	5,433

Investments in joint ventures

	£ 000
Cost	
At 1 January 2020	15,000
At 31 December 2020	15,000
Accumulated impairment	
At 1 January 2020 (restated)	5,100
Provision	3,700
At 31 December 2020	8,800
Carrying amount	
At 31 December 2020	6,200
At 31 December 2019	9,900

In 2019, both investment in joint ventures and investment in subsidiaries were reported as investments. However, the balance is split in 2020 and 2019 balance is restated and this note re-presented accordingly. It is also noted that the recoverable amount of the investment in joint venture was less than its carrying value as at 31 December 2019, although no impairment was previously recognised. Therefore the accumulated impairment to 31 December 2019 is restated. Refer to Note 29 for more details.

15 Investments (continued)

Judgement is required to determine whether indicators of impairment exist. Where impairment triggers are identified, the recoverable amount of an investment is generally determined by its value in use, which is derived from discounted cash flow calculations. The key inputs into the cash flow calculations include the estimation of the future results, cash flows, country specific growth rates and discount rates. Judgement is also required in relation to the probability of achieving of the long term-business plan and macroeconomic assumptions underlying the valuation process.

Estimated future cash flows for the first five years are based on the five-year business plan approved by the Board of G4S plc. The terminal value is projected by applying the country-specific long-term inflation rate.

In the year, impairment review has been performed for all of the Company's investments. For each of the investments, the investment's carrying amount was compared to the entity's net assets. If the entity's net assets were lower than its carrying amount, the entity's value in use was determined using discounted cash flow model, as described above. For the year ended 31 December 2020 an impairment charge of £3,700,000 (2019 restated: £2,566,000) has been recorded in respect of the Company's investments. Refer to Note 29 for further details on the restatement. In 2019, both investment in joint ventures and investment in subsidiaries were reported as investments. There is no measurement difference. However, the balance is split in 2020 and 2019 balance is restated accordingly.

Details of the subsidiary undertakings and other significant undertakings as at 31 December 2020, where the Company's holding is 20% or greater, are as follows:

	Class of holding	Ownership	Registered address
Investment in joint venture - Bridgend Custodial Services Limited *	Ordinary	58.67%	Challenge House, International Drive, Tewkesbury Business Park, Tewkesbury, Gloucestershire, GL20 8UQ
Investment in subsidiaries - G4S Monitoring Technologies Limited *	Ordinary	100.00%	46 Gillingham Street, London, England, SW1V 1HU

* Direct investment

16 Inventories

	2020 £ 000	2019 £ 000
Raw materials and consumables	502	502
Other inventories	466	660
	968	1,162

17 Trade and other receivables

	2020 £ 000	2019 £ 000
Trade receivables	19,875	19,813
Loss allowance	(47)	(64)
Net trade receivables	19,828	19,749
Amounts owed by Group undertakings	159,013	152,991
Accrued income	2,126	1,057
Prepayments	2,355	2,709
Other receivables	590	1,042
	183,912	177,548

Included in amounts owed by Group undertakings are loans of £158,757,000 (2019: £152,784,000) which are unsecured and repayable on demand. Interest is charged on these loans at LIBOR + 1.5% (2019: LIBOR + 1.5%). All other amounts owed by Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

The loss allowance on external trade receivables as at 31 December 2020 is £47,000 (2019: £64,000).

All amounts owed by Group undertakings are repayable on demand and the expected loss rate for the Company is 0% (2019: 0%).

18 Cash and cash equivalents

Included in cash and cash equivalents balance of £1,752,000 (2019: £1,928,000) is £54,000 (2019: £54,000) that is restricted and not available for general use by the Company as it is held on behalf of third parties.

19 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	9,317	14,879
Accrued expenses	14,700	20,445
Amounts owed to Group undertakings	24,827	19,255
Social security and other taxes	18,900	7,701
Deferred income	2,030	1,741
Other payables	4,372	3,526
Total trade and other payables included within current liabilities	74,146	67,547

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

	2020 £ 000	2019 £ 000
Property	32	209
Vehicles	578	424
IT equipment	130	243
	740	876

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 £493,000 (2019: £368,000).

G4S Care and Justice Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

20 Lease liabilities (continued)

Lease liabilities

	2020 £ 000	2019 £ 000
Current lease liabilities	400	472
Non-current lease liabilities	396	578
	796	1,050

(ii) Amounts recognised in the Income Statement

The Income Statement includes the following amounts relating to leases:

Depreciation charge on right-of-use assets

	2020 £ 000	2019 £ 000
Property	29	7,692
Vehicles	288	547
IT equipment	142	127
	459	8,366

Other income and expenses related to leases

	2020 £ 000	2019 £ 000
Income from subleasing right-of-use assets	-	-
Interest expense on lease liabilities	18	182
Expenses relating to short-term leases	17	12
Expenses relating to leases of low-value assets	-	-
Variable lease payments not included in lease liabilities	-	-
Gains/(losses) arising from sale and leaseback transactions	-	-

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 2020 (continued)

21 Provisions

	Other £ 000	Total £ 000
At 1 January 2020	58,346	58,346
Additional provisions in the year	4,847	4,847
Utilisation of provision	(53,171)	(53,171)
Unused amounts reversed	(1,127)	(1,127)
At 31 December 2020	8,895	8,895
Non-current liabilities	3,973	3,973
Current liabilities	4,922	4,922

As at 1 January 2020, £50,000,000 of the total provision related to the costs associated with the DPA the Company entered into. Details can be found in Note 5. The entire £50,000,000 has been utilised during 2020.

Other provision balances include £2,249,000 road accident claims, £1,700,000 lifecycle provision, £1,200,000 legal costs, £1,500,000 food cost inflation provision and £2,246,000 other.

Management judgement is required in quantifying the Company's provisions. These provisions reflects the Company's best estimate of the probable exposure at 31 December 2020 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Company is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Company's overall provisioning position in the next 12 months.

22 Share capital

Allotted, called up and fully paid shares

	2020 No. 000	2020 £ 000	2019 No. 000	2019 £ 000
Ordinary shares of £1 each	51,538	51,538	51,538	51,538

23 Retirement benefit obligations

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

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

Defined benefit pension schemes
The 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 plc group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

The Company makes no ongoing contribution to any of the 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 consolidated financial statements of G4S plc.

24 Share-based payments

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

The weighted average remaining contractual life of conditional share allocations outstanding at 31 December 2020 was 14 months (2019: 14 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was 95p (2019: 195p) and the contractual life of all conditional allocations was 3 years (2019: 3 years). The weighted-average share price at the date of exercise for the shares exercised during the year was 191p (2019: 195p).

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.

26 Related party transactions

Summary of transactions with joint ventures

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

	Services/sales to	Amounts receivable	Services/sales to	Amounts receivable
	2020 £ 000	2020 £ 000	2019 £ 000	2019 £ 000
Bridgend Custodial Services Limited *	63,110	6,433	59,608	5,964

* 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.

Prior to April 2021, the ultimate parent was G4S plc. In April 2021, the majority of the share capital of G4S plc was acquired by Atlas UK Bidco Limited and the Company became a subsidiary of the Allied Universal group. The ultimate controlling party is now Atlas Ontario LP. G4S plc is also the parent undertaking of both the smallest and largest groups which include the results of the Company and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of G4S plc are available upon request from the Company Secretary, 46 Gillingham Street, Pimlico, London, England, SW1V 1HU.

28 Events after the end of the reporting period

On 8 December 2020, the Allied Universal Topco LLC ("Allied Universal") and the G4S Board announced that they had reached an agreement on the terms of a recommended cash offer to be made by Atlas UK Bidco Limited ("Atlas Bidco"), a newly incorporated entity that is indirectly controlled by Allied Universal, to acquire the entire issued and to be issued ordinary share capital of G4S at a price of 245 pence per G4S share. On 6 April 2021, the majority of the share capital of the Group was acquired by Atlas Bidco and the Group became a subsidiary of Allied Universal. The ultimate controlling party is now Atlas Ontario LP.

29 Prior year restatement

During the year, it was identified that the recoverable amount of the investment in joint venture was less than its carrying value as at 31 December 2019. However, no impairment was recognised previously. As a result, the prior year figures have been restated to reflect the impairment of £2,566,000 in 2019 and £2,534,000 in 2018.

In 2019, both investment in joint ventures and investment in subsidiaries were reported as investments. There is no measurement difference. However, the balance is split in 2020 and 2019 balance is restated accordingly. Note 15 is updated to reflect this change as well.

	As reported 31 December 2019	Reclassification	Correction	Restated 31 December 2019
Income Statement (extract)	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Impairment of investments	-	-	(2,566)	(2,566)
Loss for the financial year	(10,540)	-	(2,566)	(13,106)
Statement of Financial Position (extract)				
Investments	20,433	(20,433)	-	-
Investments in subsidiaries	-	5,433	-	5,433
Investments in joint ventures	-	15,000	(5,100)	9,900
Retained earnings	19,229	-	(5,100)	14,129

	As reported 1 January 2019	Reclassification	Correction	Restated 1 January 2019
	£ 000	**£ 000**	**£ 000**	**£ 000**
Statement of Financial Position (extract)				
Investments	20,433	(20,433)	-	-
Investments in subsidiaries	-	5,433	-	5,433
Investments in joint ventures	-	15,000	(2,534)	12,466
Retained earnings	29,742	-	(2,534)	27,208