Registration number: 01485104

G4S Cash Centres (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

G4S Cash Centres (UK) Limited

Contents

G4S Cash Centres (UK) Limited

Company Information

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

G4S Cash Centres (UK) Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Fair review of the business

Principal activity

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

Financial performance

The Company has net assets of £23,685,000 (2017: £20,705,000). This represents a year-on-year increase of £2,980,000 (14.4%).

The Company recorded revenue of £61,101,000 (2017: £67,535,000). This represents a year-on-year decrease of £6,434,000 (9.5%). In comparison, the Company recorded cost of sales of £35,330,000 (2017: £37,104,000). This represents a year-on-year decrease of £1,774,000 (4.8%). Overall, the Company recorded gross profit of £25,771,000 (2017: £30,431,000). This represents a year-on-year decrease of £4,660,000 (15.3%).

The Company made a profit for the financial year of £2,980,000 (2017: £3,459,000). This represents a year-on-year decrease of £479,000 (13.8%).

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.

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

The directors believe that the Company is well-placed to benefit from the additional outsourcing opportunities, particularly due to its expertise in handling complex cash infrastructure, investment in digital technology as well as knowledge of the relevant regulation.

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.

G4S Cash Centres (UK) Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

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

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

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

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

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

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

G4S Cash Centres (UK) Limited

Strategic Report for the Year Ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

(4) *Cash losses*

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

Risk mitigation approach

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

(5) *Deterioration in labour relations*

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

Risk mitigation approach

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

Approved by the Board on 17 July 2019 and signed on its behalf by:

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J L France

Director

G4S Cash Centres (UK) Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors of the Company

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

J M J Campbell (appointed 18 January 2018 and resigned 5 April 2019)

J L France (appointed 1 February 2018)

J W Lennox

W J Hoyne (resigned 18 January 2018)

J R Nelson (resigned 1 February 2018)

Results and dividends

The results for the year are set out on page 10. The directors do not recommend the payment of a dividend (2017: £8,900,000).

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

Employment of disabled persons

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

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

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

Employee involvement

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

Environmental matters

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

Financial risk management

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

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

G4S Cash Centres (UK) Limited

Directors' Report for the Year Ended 31 December 2018 (continued)

Financial risk management (continued)
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 directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, 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 these financial statements, the directors are required to:

- select suitable accounting policies and 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 17 July 2019 and signed on its behalf by:

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G L France
Director

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 2018; the income statement; the statement of comprehensive income; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

G4S Cash Centres (UK) Limited

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

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

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

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

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

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 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, set out on page 6, 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 controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

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

17 July 2019

G4S Cash Centres (UK) Limited

Income Statement for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Revenue	4	61,101	67,535
Cost of sales		(35,330)	(37,104)
Gross profit		25,771	30,431
Administrative expenses		(21,643)	(25,820)
Operating profit	5	4,128	4,611
Finance costs	9	(427)	(294)
Profit before income tax		3,701	4,317
Income tax expense	10	(721)	(858)
Profit for the financial year		2,980	3,459

The above results were derived from continuing operations.

G4S Cash Centres (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 £ 000	2017 £ 000
Profit for the financial year	2,980	3,459
Total comprehensive income for the year	2,980	3,459

The notes on pages 14 to 28 form an integral part of these financial statements.

G4S Cash Centres (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called-up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2017	10	26,136	26,146
Comprehensive income:			
Profit for the financial year	-	3,459	3,459
Total comprehensive income for the financial year	-	3,459	3,459
Transactions with owners:			
Dividends	-	(8,900)	(8,900)
Total transactions with owners	-	(8,900)	(8,900)
At 31 December 2017	10	20,695	20,705
At 1 January 2018	10	20,695	20,705
Comprehensive income:			
Profit for the financial year	-	2,980	2,980
Total comprehensive income for the financial year	-	2,980	2,980
At 31 December 2018	10	23,675	23,685

The notes on pages 14 to 28 form an integral part of these financial statements.

G4S Cash Centres (UK) Limited

(Registration number: 01485104)
Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	Reclassified * 2017 £ 000
Non-current assets			
Property, plant and equipment	11	10,252	11,429
Intangible assets	12	23	27
Deferred tax assets	10	491	639
		10,766	12,095
Current assets			
Inventories	13	155	143
Trade and other receivables	14	28,840	31,754
Cash and cash equivalents		270	242
		29,265	32,139
Total assets		40,031	44,234
Current liabilities			
Trade and other payables	15	(15,773)	(22,873)
Bank overdrafts		-	(3)
Current tax liabilities		(573)	(653)
		(16,346)	(23,529)
Total liabilities		(16,346)	(23,529)
Net assets		23,685	20,705
Equity			
Called-up share capital	18	10	10
Retained earnings		23,675	20,695
Total shareholders' funds		23,685	20,705

* Certain comparative amounts have been reclassified to be comparable with the current year's disclosures. Refer to notes 14 and 15.

The financial statements on pages 10 to 28 were approved by the Board on 17 July 2019 and signed on its behalf by:

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J L France
Director

The notes on pages 14 to 28 form an integral part of these financial statements.

1 General information

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

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

2 Accounting policies

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

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

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

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

These disclosure exemptions relate to:

- the requirements of IAS 7 'Statement of cash flows';
- new IFRSs that have been issued but are not yet effective and which have not been applied by the Company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets, property, plant and equipment, and the number of shares, and certain other additional comparative information;
- financial instruments disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- disclosures required by IFRS 13 'Fair Value Measurement';
- disclosures required by IFRS 15 'Revenue from contracts with customers', paragraphs 113 (a), 114, 115, 118, 119 (a)-(c), 120-127 and 129;
- movements during the year in the number and weighted average exercise prices of share-based payments, how the fair value of services received or equity instruments granted was determined and the effect of share based payment transactions on the income statement and financial position;
- certain related party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a group; and

2 Accounting policies (continued)

- capital management disclosures.

New standards, interpretations and amendments effective for the first time

IFRS 9 - Financial instruments
The Company has adopted IFRS 9 - Financial Instruments with effect from 1 January 2018, and has prepared the financial statements in accordance with the requirements of this new standard.

The new standard is applicable to the classification, measurement, impairment and re-categorisation of financial assets and liabilities. It also introduces a new hedge accounting model.

There has been no change to the Company's income statement, statement of comprehensive income, statement of changes in equity or statement of financial position on adoption. The Company has no financial liabilities held at fair value. The introduction of an expected-loss impairment model has had no material effect given the general quality and short-term nature of the Company's trade and other receivables. There has been no re-categorisation of assets on adoption of the new standard.

IFRS 15 - Revenue from Contracts with Customers
The Company has adopted IFRS 15 - Revenue from Contracts with Customers with effect from 1 January 2018 and has prepared the 2018 financial statements in accordance with the requirements of this new standard.

There has been no change to the Company's income statement, statement of comprehensive income, statement of changes in equity or statement of financial position on adoption. For services provided by the Company, the Company's right to consideration from its customers equates to the value of services supplied to the customer. The practical expedient has been applied under IFRS 15 to recognise revenue as the customer is billed.

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

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

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

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

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.

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

2 Accounting policies (continued)

Finance income and finance costs

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

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

Foreign currencies

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

Current and deferred 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 taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of each deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets on the basis of management judgement following consideration of the available relevant information.

2 Accounting policies (continued)

Property, plant and equipment

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than freehold land and assets under construction, less any estimated residual value, over their estimated useful economic lives, as detailed below. Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

Asset class	Depreciation method and rate
Leasehold properties	Shorter of the term of the lease or 50 years
Equipment and vehicles	3 - 10 years

Intangible assets

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

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic lives, as detailed below. Where significant, the residual values and the useful economic lives of intangible assets are re-assessed annually.

Asset class	Amortisation method and rate
Software	2 - 8 years

Impairment of non-financial assets

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

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

The Company provides for impairments in financial assets when there is objective evidence of impairment as a result of one or more events that impact the estimated future cash flows of the financial assets.

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

Amounts owed from/to group undertakings

Amounts owed from/to group undertakings are recognised initially at fair value and subsequently stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other payables

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

The Company's borrowings comprise bank overdrafts. Bank overdrafts comprise cash balances in an overdrawn position. Interest expense on these balances is recognised in finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. On occasion this classification requires a level of judgement. All other leases are classified as operating leases.

Assets held under finance leases are recognised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments made or received are apportioned between finance charges or income and the reduction of the lease liability or asset so as to produce a constant rate of interest on the outstanding balance of the liability or asset.

Called-up 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.

2 Accounting policies (continued)

Dividend distributions
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the 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 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 preparing the Company's financial statements are detailed below:

Collectability of amounts owed from group undertakings
The Company holds amounts owed from other G4S plc group entities. The decision whether to recognise a provision against such debtors requires judgement in respect of the underlying operational performance and economic risks faced by other G4S plc group companies. An impairment provision has not been recognised against such balances in the current or preceding year.

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

Revenue recognition
Judgement is required in respect of the application of the five-step revenue recognition model, in particular the determination of stand-alone prices for the services provided.

4 Revenue

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

	2018 £ 000	2017 £ 000
Rendering of services	61,101	67,535

Revenue arose from activities originating solely in the United Kingdom.

4 Revenue (continued)

Assets and liabilities related to contracts with customers

Current assets

	2018 £ 000	2017 £ 000
Accrued income	3,376	-
Trade receivables	3,982	3,578
Total contract assets	7,358	3,578

Liabilities

	2018 £ 000	2017 £ 000
Deferred income (current)	(1,101)	(1,350)

During the year the Company recognised £347,000 of revenue that was held in deferred income as at 31 December 2017 (2017: £423,000 of revenue recognised was held in deferred income as at 31 December 2016), and £Nil (2017: £Nil) of revenue in relation to performance obligations satisfied in prior periods.

As at 31 December 2018, the Company had £Nil (2017: £Nil) of capitalised contract fulfilment costs on its statement of financial position. The Company did not incur any material contract acquisition costs during the current year (2017: none).

5 Operating profit

Arrived at after charging:

	2018 £ 000	Restated * 2017 £ 000
Depreciation expense	1,949	1,910
Amortisation expense	4	17
Operating lease expense - property	776	1,095
Operating lease expense - other	315	140
Loss on disposal of property, plant and equipment	10	-
Inventory expensed to the income statement	632	744

* In the prior year, certain amounts relating to inventory expensed to the income statement have been omitted from disclosure. Correction has been made in the current year's financial statements. This led to the increase in the 2017 balance of inventory expensed to the income statement from £283,000 to £744,000. Refer to note 13.

6 Staff costs

The aggregate payroll costs were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	27,116	26,696
Social security costs	2,056	2,069
Pension costs, defined contribution scheme	772	706
	29,944	29,471

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

	2018 No.	2017 No.
Operations	1,300	1,239
Administration and management	64	58
	1,364	1,297

The 1,300 operations employees (2017: 1,239) are legally employed by the fellow Group entity, G4S Cash Solutions Limited, although they provide services solely to the Company. G4S Cash Solutions Limited makes a full recharge to the Company.

7 Directors' remuneration

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

8 Auditors' remuneration

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

	2018 £ 000	2017 £ 000
Audit of the financial statements	50	47
Non-audit services	151	146
	201	193

9 Finance costs

	2018 £ 000	2017 £ 000
Interest on bank overdrafts	-	4
Interest payable to group undertakings	427	290
	427	294

10 Income tax expense

Tax charged in the income statement is as follows:

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	573	653
UK corporation tax adjustment to prior periods	-	(1)
	573	652
Deferred taxation		
Arising from origination and reversal of temporary differences	165	233
Arising from changes in tax rates and laws	(17)	(28)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	1
Total deferred taxation	148	206
Tax expense in the income statement	721	858

The tax on profit before income tax for the year is higher than the standard effective rate of corporation tax in the UK (2017: higher than the standard effective rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before income tax	3,701	4,317
Corporation tax at standard rate	703	831
Decrease from effect of revenues exempt from taxation	(5)	-
Increase from effect of expenses not deductible in determining taxable profit	99	109
Decrease from transfer pricing adjustments	(59)	(54)
Deferred tax credit relating to changes in tax rates or laws	(17)	(28)
Total tax expense	721	858

10 Income tax expense (continued)

The standard effective rate of corporation tax for the current year is the lower than the standard effective rate of corporation tax for the prior year. The UK corporation tax rate decreased from 20% to 19% from 1 April 2017 and further reductions in the UK corporation tax rate will apply from 1 April 2020 when the rate reduces to 17%. All of these changes were enacted at the balance sheet date.

Deferred tax

Deferred tax assets are as follows:

2018	Asset £ 000
Accelerated tax depreciation	491

2017	Asset £ 000
Accelerated tax depreciation	639

Deferred tax movement during the year is as follows:

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

Deferred tax movement during the prior year is as follows:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	845	(206)	639

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

Deferred tax assets and liabilities on temporary differences expected to reverse in the period from 1 January 2019 to 31 March 2020 have been provided at 19%. Deferred tax assets and liabilities on timing differences expected to reverse on or after 1 April 2020 have been provided at 17%.

11 Property, plant and equipment

	Leasehold properties £ 000	Equipment and vehicles £ 000	Assets under construction £ 000	Total £ 000
Cost				
At 1 January 2018	7,031	15,671	112	22,814
Additions	67	1,306	20	1,393
Disposals	(1,048)	(1,298)	-	(2,346)
Transfers	29	79	(108)	-
At 31 December 2018	6,079	15,758	24	21,861
Accumulated depreciation				
At 1 January 2018	3,460	7,925	-	11,385
Charge for the year	285	1,664	-	1,949
Eliminated on disposal	(702)	(1,023)	-	(1,725)
At 31 December 2018	3,043	8,566	-	11,609
Carrying amount				
At 31 December 2018	3,036	7,192	24	10,252
At 31 December 2017	3,571	7,746	112	11,429

Depreciation expenses of £1,336,000 have been charged to the cost of sales (2017: £1,119,000) and £613,000 has been charged to administrative expenses (2017: £791,000).

During the year, the Company disposed of property, plant and equipment with an aggregate net book value of £621,000 (2017: £576,000). The Company a loss on disposal of £10,000 (2017: £Nil).

12 Intangible assets

	Software £ 000
Cost	
At 1 January 2018	1,097
Disposals	(6)
At 31 December 2018	1,091
Accumulated amortisation	
At 1 January 2018	1,070
Amortisation charge	4
Amortisation eliminated on disposals	(6)
At 31 December 2018	1,068
Carrying amount	
At 31 December 2018	23
At 31 December 2017	27

Amortisation expenses of £4,000 are included within cost of sales (2017: £4,000); £Nil is included within administrative expenses (2017: £13,000).

13 Inventories

	2018 £ 000	2017 £ 000
Raw materials and consumables	155	143

Cost of inventories recognised as an expense of £621,000 (2017: £732,000*) is included within the cost of sales; £11,000 is included within administrative expenses (2017: £12,000).

* In the prior year, certain amounts relating to cost of inventories recognised as an expense have been omitted from disclosure. Correction has been made in the current year's financial statements. This led to the increase in the 2017 balance of cost of inventories recognised as an expense from the total of £283,000 to the total of £744,000. Refer to note 5.

14 Trade and other receivables

	2018 £ 000	2017 £ 000
Trade receivables	3,982	3,578
Amounts owed from group undertakings (members of the G4S plc group)	20,888	20,994
Accrued income	3,376	-
Prepayments	594	-
Other receivables	-	7,182
	28,840	31,754

Included in amounts owed from group undertakings are loans of £20,888,000 (2017: £20,994,000) which are unsecured, interest-free and repayable on demand. All other amounts owed from group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

In the prior year, the loans owed to group undertakings were netted off against the loans owed from group undertakings. Correction has been made in the current year's financial statements. This led to the increase in the 2017 balance of amounts owed from group undertakings from 8,482,000 to 20,994,000; as well as the related increase in the amounts owed to group undertakings from 3,144,000 to 15,656,000. Refer to note 15.

15 Trade and other payables

	2018 £ 000	2017 £ 000
Trade payables	591	1,651
Accrued expenses	363	255
Amounts owed to group undertakings (members of the G4S plc group)	11,744	15,656
Social security and other taxes	218	-
Other payables	1,756	3,961
Deferred income	1,101	1,350
	15,773	22,873

Included in amounts owed to group undertakings are loans of £11,011,000 (2017: £12,492,000) which are unsecured and repayable on demand. Interest is charged on these loans at LIBOR + 2.25% (2017: LIBOR + 3.00%). All other amounts owed to group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

In the prior year, the loans owed to group undertakings were netted off against the loans owed from group undertakings. Correction has been made in the current year's financial statements. This led to the increase in the 2017 balance of amounts owed to group undertakings from 3,144,000 to 15,656,000; as well as the related increase in the amounts owed from group undertakings from 8,482,000 to 20,994,000. Refer to note 14.

16 Obligations under leases

Operating leases

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

	2018 £ 000	2017 £ 000
Within one year	1,016	507
In two to five years	1,747	1,747
In over five years	3,508	3,774
	6,271	6,028

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,091,000 (2017: £1,235,000)

17 Pension and other schemes

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. Total pension costs of £772,000 (2017: £706,000) have been charged to the income statement.

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.

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

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

Defined contribution pension scheme

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

18 Called-up share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	10	10	10	10

19 Dividends

Final dividends paid

	2018 £ 000	2017 £ 000
Final dividend of £Nil (2017 - £890.00) per each ordinary share	-	8,900

20 Parent and ultimate parent undertaking

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

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

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