

Registration number: 01485104

G4S Cash Centres (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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G4S Cash Centres (UK) Limited

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G4S Cash Centres (UK) Limited

Company Information

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

G4S Cash Centres (UK) Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

G4S Cash Centres (UK) Limited ('the Company') is a wholly owned subsidiary of G4S Plc and operates as part of the group's cash services division. The principal activities of the Company during the financial year are that of cash processing and cash management.

There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the Company's income statement on page 10, the Company recorded sales of £67,535,000 (2016: £67,278,000), an increase of £257,000 from the previous year, and cost of sales of £37,104,000 (2016: £32,009,000), an increase of £5,095,000 from the previous year.

The Company's net assets of £20,705,000 at the end of the year have decreased from the previous year (2016: £26,146,000).

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

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

Future developments

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

Key performance indicators

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

Principal risks and uncertainties

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

G4S Cash Centres (UK) Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Principal risks and uncertainties (continued)

1) Major changes in market dynamics

Such changes in dynamics could include new technologies, government legislation, financial market instability (interest rate changes) or the behaviour of competitors and could, particularly if rapid or unpredictable, impact the group's revenues and profitability.

2) Financial institution in-sourcing

The Company provides a range of cash services to financial institutions. If the trend towards the outsourcing of such services were for any reason to be reversed or consolidation within the financial sector leading to reduced market opportunities the Company's revenue and profitability would be adversely affected.

3) IT systems

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

4) Deterioration in labour relations

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

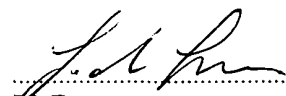
5) Cash losses

The Company is responsible for much of the cash held on behalf of its customers. Increase in the value of cash lost through criminal attack would increase the cost of the Company's insurance. Were there to be failures in the control and reconciliation processes in respect to customer cash, these could also adversely affect the Company's profitability.

Risk mitigation approach

The potential impact of these risks is mitigated through the Company's performance management procedures, operational standards and policy of proactive engagement with customers, industry associations, government regulators and employee representatives.

Approved by the Board on 6 July 2018 and signed on its behalf by:



J. L. France
Director

G4S Cash Centres (UK) Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

W J Hoyne (resigned 18 January 2018)

J R Nelson (resigned 1 February 2018)

J W Lennox

T L Norton (resigned 31 July 2017)

The following directors were appointed after the year end:

J M J Campbell (appointed 18 January 2018)

J L France (appointed 1 February 2018)

Results and dividends

The results for the year are set out on page 10. A dividend of £8,900,000 (2016: £5,127,000) was recommended by the directors and paid during the year. The directors do not recommend a final dividend.

A review of the progress of the Company's business during the year, the key performance indicators, principal business risks and likely future developments are contained in the Strategic Report on pages 2 to 3.

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

G4S Cash Centres (UK) Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Financial Risk Management

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

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

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

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 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 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.

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 auditor are aware of that information.

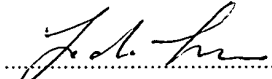
G4S Cash Centres (UK) Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Independent auditors

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

Approved by the Board on 6 July 2018 and signed on its behalf by:


.....
J.L. France
Director

G4S Cash Centres (UK) Limited

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

Report on 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 2017 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 2017, the income statement, the statement of comprehensive income, 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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 2017 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 5, 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.

G4S Cash Centres (UK) Limited

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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.

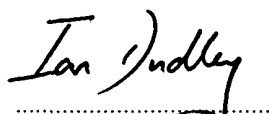
Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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.



.....
Ian Dudley (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors

The Portland Building
25 High Street
Crawley
RH10 1BG

6 July 2018

G4S Cash Centres (UK) Limited

Income statement for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue	5	67,535	67,278
Cost of sales		<u>(37,104)</u>	<u>(32,009)</u>
Gross profit		30,431	35,269
Administrative expenses		<u>(25,820)</u>	<u>(20,972)</u>
Operating profit	6	4,611	14,297
Finance costs	9	<u>(294)</u>	<u>(130)</u>
Profit before income taxation		4,317	14,167
Income tax on profit	10	<u>(858)</u>	<u>(2,898)</u>
Profit for the financial year		<u><u>3,459</u></u>	<u><u>11,269</u></u>

The above results were derived from continuing operations.

G4S Cash Centres (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 £ 000	2016 £ 000
Profit for the financial year	<u>3,459</u>	<u>11,269</u>
Total comprehensive income for the financial year	<u><u>3,459</u></u>	<u><u>11,269</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

G4S Cash Centres (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	10	19,994	20,004
Comprehensive income:			
Profit for the financial year	-	11,269	11,269
Total comprehensive income for the financial year	-	11,269	11,269
Transactions with owners			
Dividends	-	(5,127)	(5,127)
At 31 December 2016	<u>10</u>	<u>26,136</u>	<u>26,146</u>
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)
At 31 December 2017	<u>10</u>	<u>20,695</u>	<u>20,705</u>

The notes on pages 14 to 27 form an integral part of these financial statements.

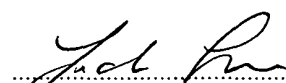
G4S Cash Centres (UK) Limited

(Registration number: 01485104)

Statement of Financial Position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Non-current assets			
Intangible assets	11	27	43
Property, plant and equipment	12	11,429	11,155
Deferred tax assets	10	639	845
		<u>12,095</u>	<u>12,043</u>
Current assets			
Inventories	13	143	129
Trade and other receivables	14	19,242	32,400
Cash and cash equivalents		242	714
		<u>19,627</u>	<u>33,243</u>
Total assets		<u>31,722</u>	<u>45,286</u>
Current liabilities			
Trade and other payables	15	(10,361)	(16,108)
Bank loans and overdrafts		(3)	-
Current tax liabilities		(653)	(3,032)
		<u>(11,017)</u>	<u>(19,140)</u>
Total liabilities		<u>(11,017)</u>	<u>(19,140)</u>
Net assets		<u>20,705</u>	<u>26,146</u>
Equity			
Called up share capital	19	10	10
Retained earnings		20,695	26,136
Total shareholders' funds		<u>20,705</u>	<u>26,146</u>

The financial statements on page 10 to 27 were authorised and issued by the Board on 6 July 2018 and signed on its behalf by:


 J. L. France
 Director

The notes on pages 14 to 27 form an integral part of these financial statements.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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 Statement of compliance

The Company's financial statements have been prepared in accordance with Financial Reporting Standards ('FRS') 101 'Reduced Disclosure Framework'.

3 Significant 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 G4S Cash Centres (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and 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 4.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

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';
- movements during the year in the number and weighted average exercise prices of share-based payments, how the fair value of services received or equity instruments granted was determined and the effect of share based payment transactions on the income statement and financial position;
- certain related party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a group; and
- capital management disclosures.

Changes in accounting policy

There are no new standards, amendments or interpretations which have been adopted for the first time and have a significant impact on accounting policies applied in preparing the Company's financial statements.

Revenue recognition

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

Employee benefits

Retirement benefit costs

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

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

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

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

Finance income and expense

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

Foreign currencies

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

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 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 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.

Intangible assets

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged on software so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives up to a maximum of eight years. Amortisation is charged to administrative expenses within the income statement.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant 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 is provided on all property, plant and equipment other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

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

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

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

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.

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 by/to group undertaking

Amounts owed by/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.

Equity instruments

Equity instruments and financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that provided a residual interest in the assets of a business after deducting all other liabilities. Shares issued by the Company classified as equity instruments are recorded at the value of proceeds received, net of direct issue costs.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Significant accounting policies (continued)

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.

Impairment

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.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment, where the Company has substantially all of the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised, at the lease's commencement, at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in 'Creditors – amounts falling due after more than one year'. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Share capital

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

Dividends

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

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

4 Accounting estimates, judgements and assumptions

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

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

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

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

Impairment of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 3 for further details on the useful economic lives for each class of assets.

Deferred tax

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

Collectability of amounts due from group undertakings

The Company holds amounts due 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 year.

Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 14 for the net carrying amount of the receivables.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

5 Revenue

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

	2017 £ 000	2016 £ 000
Rendering of services	<u>67,535</u>	<u>67,278</u>

Revenue arose from activities originating solely in the United Kingdom.

6 Operating profit

Arrived at after charging:

	2017 £ 000	2016 £ 000
Depreciation expense	1,910	1,342
Amortisation expense	17	133
Operating lease expense - property	1,095	1,093
Operating lease expense - other	140	238
Inventory charged to the income statement	<u>283</u>	<u>308</u>

7 Staff costs

The aggregate payroll costs were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	26,696	25,272
Social security costs	2,069	1,925
Other pension costs	<u>706</u>	<u>695</u>
	<u>29,471</u>	<u>27,892</u>

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

	2017 No.	2016 No.
Management and administration	58	79
Operational	<u>1,239</u>	<u>1,261</u>
	<u>1,297</u>	<u>1,340</u>

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

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

8 Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's financial statements was £47,000 (2016: £47,000). The Company did not incur any non-audit fees in the current and prior year.

9 Finance costs

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	4	-
Interest payable to group undertakings	290	130
	<u>294</u>	<u>130</u>

10 Income tax on profit

Tax charged in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	653	3,043
UK corporation tax adjustment to prior periods	(1)	(118)
	<u>652</u>	<u>2,925</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	233	(273)
Arising from changes in tax rates and laws	(28)	77
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	1	169
	<u>206</u>	<u>(27)</u>
Total deferred taxation	<u>206</u>	<u>(27)</u>
Tax expense in the income statement	<u>858</u>	<u>2,898</u>

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Income tax on profit (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016: higher than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	4,317	14,167
Corporation tax at standard rate	831	2,833
(Decrease)/Increase from effect of different UK tax rates on some earnings	(28)	77
Decrease from effect of revenues exempt from taxation	-	(36)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	109	27
Decrease from transfer pricing adjustments	(54)	(54)
Deferred tax expense from unrecognised temporary difference from a prior period	-	51
Total tax charge	858	2,898

The standard effective rate of corporation tax for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017. 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 assets and liabilities on temporary differences expected to reverse in the period from 1 January 2018 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%.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2017	
Accelerated tax depreciation	639
2016	
Accelerated tax depreciation	845

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Income tax on profit (continued)

Deferred tax movement during the year:

	At 1 January 2017 £ 000	Recognised in income statement £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	<u>845</u>	<u>(206)</u>	<u>639</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in income statement £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	<u>818</u>	<u>27</u>	<u>845</u>

11 Intangible assets

	Software £ 000
Cost	
At 1 January 2017	1,539
Additions	1
Disposals	<u>(443)</u>
At 31 December 2017	<u>1,097</u>
Accumulated amortisation	
At 1 January 2017	1,496
Amortisation charge	17
Amortisation eliminated on disposals	<u>(443)</u>
At 31 December 2017	<u>1,070</u>
Carrying amount	
At 31 December 2017	<u>27</u>
At 31 December 2016	<u>43</u>

Amortisation expense of £4,000 (2016: £4,000) is included in cost of sales, the remaining £13,000 (2016: £129,000) is included in administrative expenses.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

12 Property, plant and equipment

	Leasehold properties £ 000	Equipment and vehicles £ 000	Assets under construction £ 000	Total £ 000
Cost				
At 1 January 2017	7,254	16,113	494	23,861
Additions	370	2,285	105	2,760
Disposals	(623)	(3,184)	-	(3,807)
Transfers	30	457	(487)	-
At 31 December 2017	<u>7,031</u>	<u>15,671</u>	<u>112</u>	<u>22,814</u>
Accumulated depreciation				
At 1 January 2017	3,766	8,940	-	12,706
Charge for the year	317	1,593	-	1,910
Eliminated on disposal	(623)	(2,608)	-	(3,231)
At 31 December 2017	<u>3,460</u>	<u>7,925</u>	<u>-</u>	<u>11,385</u>
Carrying amount				
At 31 December 2017	<u>3,571</u>	<u>7,746</u>	<u>112</u>	<u>11,429</u>
At 31 December 2016	<u>3,488</u>	<u>7,173</u>	<u>494</u>	<u>11,155</u>

Depreciation expense of £1,119,000 (2016: 518,000) is included in cost of sales, the remaining £791,000 (2016: 824,000) is included in administrative expenses. The Company made no profit nor loss on disposal in current and previous years.

13 Inventories

	2017 £ 000	2016 £ 000
Raw materials and consumables	<u>143</u>	<u>129</u>

The cost of inventories recognised as an expense in the year amounted to £283,000 (2016: £304,000). This is included within cost of sales.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

14 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	3,578	636
Amounts owed from group undertakings (members of G4S plc group)	8,482	27,047
Other receivables	7,182	4,717
	<u>19,242</u>	<u>32,400</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

15 Trade and other payables

	2017 £ 000	2016 £ 000
Trade payables	1,651	1,913
Accrued expenses	255	337
Amounts owed to group undertakings (member of G4S plc group)	3,144	10,267
Deferred income	1,350	-
Other payables	3,961	3,591
	<u>10,361</u>	<u>16,108</u>

Included in amounts owed to group undertakings is a loan which is repayable on demand and interest is charged on this loan at a rate of LIBOR plus 2.5%.

All other amounts owed to group undertakings are interest free and repayable on demand.

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

16 Obligations under leases

Operating leases

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

	2017	2016
	£ 000	£ 000
Within one year	507	882
In the second to fifth years inclusive	1,747	2,338
After five years	3,774	4,040
	<u>6,028</u>	<u>7,260</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,235,000 (2016: £1,331,000)

17 Pension arrangements

The G4S plc group operates both defined benefit and defined contribution pension schemes. Employer contributions to these schemes are fixed at a set level or set percentage of employees' pay. Total pension costs of £706,000 (2016: £695,000) have been charged to the income statement.

Defined benefit scheme

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

Certain sub-sections of the GSL section have historically remained open to provide a facility to accept former public-sector employees who join the G4S plc group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

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

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

Defined contribution scheme

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

G4S Cash Centres (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

18 Dividends

	2017 £ 000	2016 £ 000
Dividend of £890 (2016: £513) per ordinary share	<u>8,900</u>	<u>5,127</u>

19 Called up share capital

Issued and fully paid shares

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

20 Parent and ultimate parent undertaking

The Company's ultimate parent company is G4S plc, a company incorporated in the United Kingdom. The Company's immediate parent is G4S UK Holdings Limited.

The parent undertaking of both the smallest and largest group, which included the Company and for which group financial statements are prepared, is also G4S plc.

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