

Registration number: 06294639

G4S US Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



G4S US Holdings Limited

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G4S US Holdings Limited

Company Information

| | |
|-----------------------------|--|
| Directors | C A V Barroche T P Weller S Lundsberg-Nielsen |
| Company secretary | V J Patel |
| Registered office | 5th Floor, Southside 105 Victoria Street London SW1E 6QT |
| Independent auditors | PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH |

G4S US Holdings 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 US Holdings Limited ("the Company") is that of an investment holding company.

Financial performance

The Company has net assets of £611,470,000 (2017: £595,644,000). The Company made a profit for the financial year of £15,826,000 (2017: £123,131,000). 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.

Key performance indicators

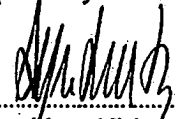
Given the straight-forward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for understanding of the performance or development of the business.

Principal risks and uncertainties

Given that the Company's principal activity is that of an investment holding company, the principal risks and uncertainties affecting the Company are managed as part of the wider strategy of the G4S plc group. Full explanation of these risks is contained within the consolidated financial statements of G4S plc.

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

Approved by the Board on 8 August 2019 and signed on its behalf by:


.....
S Lundsberg-Nielsen
Director

G4S US Holdings 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:

C A V Barroche

T P Weller

S Lundsberg-Nielsen

Results and dividends

The results for the year are set out on page 8. The directors do not recommend the payment of a dividend (2017: £74,500,000).

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.

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net current liabilities position. The directors believe that this is an appropriate basis for financial statement preparation because the Company received a letter of financial support from its parent company.

In this letter, the parent company agrees to provide sufficient financial assistance to the Company if and when it is needed, to enable the Company to continue its operations and to fulfil its currently anticipated financial obligations both at present and in the future. The support is provided for a period of at least 12 months from the date of approval of these financial statements, provided that the Company remains a member of its parent company's group. This should enable the Company to continue in operational existence for the foreseeable future by fulfilling its liabilities as they fall due for payment.

The directors acknowledge that, similarly to any company placing reliance on its parent for financial support, there is no certainty that the support for the Company will continue, although as at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

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.

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.

G4S US Holdings Limited

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

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

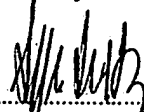
In the case of each director in office at the date the Directors' Report is approved:

- 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 8 August 2019 and signed on its behalf by:


.....
S Lundsberg-Nielsen
Director

G4S US Holdings Limited

Independent Auditors' Report to the Members of G4S US Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, G4S US Holdings 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 US Holdings Limited

Independent Auditors' Report to the Members of G4S US Holdings 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 4, 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.

G4S US Holdings Limited

Independent Auditors' Report to the Members of G4S US Holdings 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.



Sandeep Dhillon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

1 Embankment Place
London
WC2N 6RH

8 August 2019

G4S US Holdings Limited

Income Statement for the Year Ended 31 December 2018

| | Note | 2018 £ 000 | 2017 £ 000 |
|--------------------------------------|------|----------------------|-----------------------|
| Operating result | | - | - |
| Dividend income | | 39,588 | 74,884 |
| Finance income | 7 | 56 | 46,419 |
| Finance costs | 8 | <u>(28,093)</u> | <u>-</u> |
| Profit before income tax | | 11,551 | 121,303 |
| Income tax credit | 9 | <u>4,275</u> | <u>1,828</u> |
| Profit for the financial year | | <u><u>15,826</u></u> | <u><u>123,131</u></u> |

The above results were derived from continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

G4S US Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

| | 2018 | 2017 |
|---|---------------|----------------|
| | £ 000 | £ 000 |
| Profit for the financial year | <u>15,826</u> | <u>123,131</u> |
| Total comprehensive income for the year | <u>15,826</u> | <u>123,131</u> |

The notes on pages 12 to 25 form an integral part of these financial statements.

G4S US Holdings 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 | 104,918 | 442,095 | 547,013 |
| Comprehensive income: | | | |
| Profit for the financial year | - | 123,131 | 123,131 |
| Total comprehensive income for the financial year | - | 123,131 | 123,131 |
| Transactions with owners: | | | |
| Dividends | - | (74,500) | (74,500) |
| Total transactions with owners | - | (74,500) | (74,500) |
| At 31 December 2017 | 104,918 | 490,726 | 595,644 |
| At 1 January 2018 | 104,918 | 490,726 | 595,644 |
| Comprehensive income: | | | |
| Profit for the financial year | - | 15,826 | 15,826 |
| Total comprehensive income for the financial year | - | 15,826 | 15,826 |
| At 31 December 2018 | 104,918 | 506,552 | 611,470 |

The notes on pages 12 to 25 form an integral part of these financial statements.

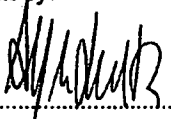
G4S US Holdings Limited

(Registration number: 06294639)

Statement of Financial Position as at 31 December 2018

| | Note | 2018 £ 000 | 2017 £ 000 |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Investments | 10 | 626,584 | 626,584 |
| Current assets | | | |
| Trade and other receivables | 11 | 469,854 | 426,967 |
| Deferred tax assets | 9 | - | 852 |
| Current tax assets | | 4,162 | 971 |
| Cash and cash equivalents | | 13 | 1,274 |
| | | <u>474,029</u> | <u>430,064</u> |
| Creditors: Amounts falling due within one year | | | |
| Trade and other payables | 12 | <u>(489,143)</u> | <u>(461,004)</u> |
| Net current liabilities | | <u>(15,114)</u> | <u>(30,940)</u> |
| Total assets less current liabilities | | <u>611,470</u> | <u>595,644</u> |
| Net assets | | <u>611,470</u> | <u>595,644</u> |
| Equity | | | |
| Called-up share capital | 13 | 104,918 | 104,918 |
| Retained earnings | | <u>506,552</u> | <u>490,726</u> |
| Total shareholders' funds | | <u>611,470</u> | <u>595,644</u> |

The financial statements on pages 8 to 25 were approved by the Board on 8 August 2019 and signed on its behalf by:



 S Lundberg-Nielsen
 Director

The notes on pages 12 to 25 form an integral part of these financial statements.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

G4S US Holdings 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: 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT.

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

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

2 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.

The presentation of the Statement of Financial Position has been changed from the IAS 1 format used in previous years. Following a review of certain current assets it was considered that these assets may need to be reclassified as non-current assets under IAS 1, however presenting them as non-current assets would be misleading to the users of the financial statements. The Company has therefore adopted the Companies Act 2006 format in the current year as the assets would continue to be presented as current assets and this is deemed to be a more appropriate presentation to show the symmetry between intercompany receivables and payables. As a consequence of the change, deferred tax assets presented as non-current assets in the prior year have been reclassified as current assets and all other non-current assets have been reclassified as fixed assets.

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 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.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net current liabilities position. The directors believe that this is an appropriate basis for financial statement preparation because the Company received a letter of financial support from its parent company.

In this letter, the parent company agrees to provide sufficient financial assistance to the Company if and when it is needed, to enable the Company to continue its operations and to fulfil its currently anticipated financial obligations both at present and in the future. The support is provided for a period of at least 12 months from the date of approval of these financial statements, provided that the Company remains a member of its parent company's group. This should enable the Company to continue in operational existence for the foreseeable future by fulfilling its liabilities as they fall due for payment.

The directors acknowledge that, similarly to any company placing reliance on its parent for financial support, there is no certainty that the support for the Company will continue, although as at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Summary of disclosure exemptions

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of 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
- capital management disclosures.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

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.

Dividend income

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

Finance income and finance costs

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

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

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.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Current and deferred tax (continued)

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.

Investments

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

Impairment of non-financial assets

The carrying value of the Company's assets, with the exception of inventories 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 or its cash-generating unit exceeds its recoverable amount.

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

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

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.

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.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

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.

Impairment of investments

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

4 Staff costs

There were no employees during the current or prior year, and therefore the Company incurred no staff costs.

5 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.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

6 Auditors' remuneration

Auditors' remuneration of £21,000 (2017: £20,000) was borne by another Group company. The Company did not incur any non-audit fees in the current or prior year.

7 Finance income

| | 2018 £ 000 | 2017 £ 000 |
|---|---------------|---------------|
| Interest on cash and cash equivalents | 3 | - |
| Interest receivable from group undertakings | 53 | 17 |
| Foreign exchange gains | - | 46,402 |
| | <u>56</u> | <u>46,419</u> |

8 Finance costs

| | 2018 £ 000 | 2017 £ 000 |
|-------------------------|---------------|---------------|
| Foreign exchange losses | <u>28,093</u> | <u>-</u> |

9 Income tax credit

Tax credited in the income statement is as follows:

| | 2018 £ 000 | 2017 £ 000 |
|--|----------------|----------------|
| Current taxation | | |
| UK corporation tax | (4,162) | (972) |
| UK corporation tax adjustment to prior periods | <u>(965)</u> | <u>(4)</u> |
| | <u>(5,127)</u> | <u>(976)</u> |
| Deferred taxation | | |
| Arising from origination and reversal of temporary differences | - | (964) |
| Arising from changes in tax rates and laws | - | 112 |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | <u>852</u> | <u>-</u> |
| Total deferred taxation | <u>852</u> | <u>(852)</u> |
| Tax credit in the income statement | <u>(4,275)</u> | <u>(1,828)</u> |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Income tax credit (continued)

The tax on profit before income tax for the year is lower than the standard effective rate of corporation tax in the UK (2017: lower 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 | <u>11,551</u> | <u>121,303</u> |
| Corporation tax at standard rate | 2,195 | 23,351 |
| Decrease in current tax from adjustment for prior periods | (965) | (4) |
| Decrease from effect of interest income exempt from taxation | - | (8,934) |
| Decrease from effect of exempt foreign dividends | (7,522) | (14,413) |
| Increase from effect of finance costs not deductible in determining taxable profit | 5,338 | - |
| Increase arising from group relief tax reconciliation | 4 | - |
| Decrease from transfer pricing adjustments | (4,177) | (1,940) |
| Deferred tax expense from unrecognised temporary difference from a prior period | 852 | - |
| Deferred tax expense relating to changes in tax rates or laws | <u>-</u> | <u>112</u> |
| Total tax credit | <u>(4,275)</u> | <u>(1,828)</u> |

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:

| | Asset £ 000 |
|----------------------|----------------|
| 2018 | |
| Loans and borrowings | <u>-</u> |
| 2017 | Asset £ 000 |
| Loans and borrowings | <u>852</u> |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9 Income tax credit (continued)

Deferred tax movement during the year is as follows:

| | At 1 January 2018 £ 000 | Recognised in income £ 000 | At 31 December 2018 £ 000 |
|----------------------|-------------------------------|----------------------------------|------------------------------------|
| Loans and borrowings | <u>852</u> | <u>(852)</u> | <u>-</u> |

Deferred tax movement during the prior year is as follows:

| | At 1 January 2017 £ 000 | Recognised in income £ 000 | At 31 December 2017 £ 000 |
|----------------------|-------------------------------|----------------------------------|------------------------------------|
| Loans and borrowings | <u>-</u> | <u>852</u> | <u>852</u> |

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

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%.

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments

| | £ 000 |
|------------------------|---------|
| Cost | |
| At 1 January 2018 | 626,584 |
| At 31 December 2018 | 626,584 |
| Carrying amount | |
| At 31 December 2018 | 626,584 |
| At 31 December 2017 | 626,584 |

Details of the subsidiary undertakings and other significant undertakings as at 31 December 2018, where the Company's holding is 20% or greater, are as follows:

| Subsidiary undertakings | Class of holding | Ownership | Registered address |
|---|------------------|-----------|--|
| G4S Bolivia S.A. | Ordinary | 100.00% | Marcelo terceros Banzer S/N, 3er Anillo Ext. Equipetrol, (Frente Hotel Casa Blanca), Santa Cruz, Bolivia |
| G4S Centrafrique Securite Solution SURL | Ordinary | 100.00% | No 48/85 Avenue Kolwezi, Gombe, Kinshasa, DRC |
| Wackenhut SA | Ordinary | 97.50% | 20 B.P., 845 Abidjan 20, Ivory Coast |
| G4S Secure Solutions (CI) SA | Ordinary | 27.00% | 3 Boulevard Valerie Giscard d'Estaing, 01 BP 6065 ABJ 01 Abidjan, Ivory Coast |
| G4S Security Services Cameroon Plc | Ordinary | 48.40% | Old Airport Road, Bonapriso Doula, Cameroon |
| GFOURS S.A. | Ordinary | 100.00% | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| Wackenhut Servicios de Seguridad, S.A. | Ordinary | 100.00% | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| Wackenhut Servicios De Escoltas, S.A. | Ordinary | 100.00% | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G Four S Grupo de Servicios Especiales de Seguridad, S.A. | Ordinary | 100.00% | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |
| G Four S Consultor En Seguridad, S.A. | Ordinary | 100.00% | Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments (continued)

| | | | |
|---|----------|---------|--|
| G Cuatro S Cash Solutions S.A. | Ordinary | 100.00% | Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica |
| G4S Holding Cyprus Ltd | Ordinary | 45.00% | P.O. Box 23989, 1687 Nicosia, Cyprus |
| G4S Secure Solutions | Ordinary | 66.50% | Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic |
| G4S Secure Solutions (Ecuador) CIA Ltda. | Ordinary | 99.90% | Gral. Giacomo Roca N33-92 y Bosmediano, Quito, Ecuador |
| G4S Holding (Ecuador) S.A. | Ordinary | 99.90% | Luis Cordero E12-114 y Toledo, Quito, Ecuador |
| G4S Facility Management CIA Ltda. | Ordinary | 99.90% | Calle Moscú E09-8 y Av. República del Salvador, Quito, Ecuador |
| G4S Secure Solutions (Gambia) Ltd. | Ordinary | 100.00% | 9 Booster Street, Fajara, SK Serrekunda, Gambia |
| G4S Secure Solutions SA | Ordinary | 36.90% | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S Hellas Holding SA | Ordinary | 42.80% | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S Cash Solutions SA | Ordinary | 31.80% | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S Aviation and Ports Secure Solutions SA | Ordinary | 42.80% | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| G4S Security Systems and Monitoring Services (Greece) SA | Ordinary | 32.10% | 7, Sorou Str., 144 52 Metamorphosis, Athens, Greece |
| Wackenhut de Guatemala SA | Ordinary | 50.00% | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| Wackenhut Electronica SA | Ordinary | 47.50% | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| G4S Documenta, S.A. | Ordinary | 50.00% | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| Facility Services, S.A. | Ordinary | 28.00% | Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala |
| G4S Jamaica Limited | Ordinary | 100.00% | 6-8 East Avenue, 5 Kingston W.I., Jamaica |
| G4S Secure Solutions International Inc (Jordan) Ltd. | Ordinary | 50.00% | # 12, Mithqual El Fayez St., Third Circle, Jebel, P.O. Box 831358, 11183 Amman, Jordan |
| G4S Secure Solutions Int. (Jordan) for Integrated Solutions | Ordinary | 60.00% | Roxy Al Ozaizi Street – Dana Center 2, 11183 Amman, Jordan |
| G4S Holdings México, SA de CV | Ordinary | 59.00% | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments (continued)

| | | | |
|--|----------|---------|---|
| G4S Security Systems S.A de C.V | Ordinary | 59.00% | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |
| G4S Private Security Services, SA de CV | Ordinary | 59.00% | Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico |
| Wackenhut Mozambique Ltd. | Ordinary | 90.00% | Rua Mariano Machado nr. 99/186, Maputo, Mozambique |
| G4S Secure Solutions Nicaragua, Sociedad Anónima | Ordinary | 51.00% | Reperta Belmonte, Dr. Hospital Velez Paiz, 1 Cuadra Holis, Arriba, Nicaragua |
| Inversiones Setesca, S.A. | Ordinary | 100.00% | Calle 41, 2-40 Bella Vista, Panama |
| Seguridad Tecnica SA | Ordinary | 44.00% | Calle 41, 2-40 Bella Vista, Panama |
| Limpie SA | Ordinary | 44.00% | Calle 41, 2-40 Bella Vista, Panama |
| Detecta SA | Ordinary | 44.00% | Calle 41, 2-40 Bella Vista, Panama |
| G4S Peru SAC | Ordinary | 100.00% | Av. El Sol 916, Urbanización La Campiña., Chorrillos, Lima, Peru |
| G4S Secure Monitoring and Response Peru S.A.C. | Ordinary | 99.00% | Av. El Sol 916, Urbanización La Campiña., Chorrillos, Lima, Peru |
| G4S Secure Solutions (Puerto Rico) Inc. | Ordinary | 100.00% | Carretera #1 Plaza Bairoa, Suite 211, Caguas, Puerto Rico |
| Wackenhut Paraguay SA | Ordinary | 80.00% | Nery Quevedo 315 Esq. Hipolito Garron, Asuncion, Paraguay |
| G4S Secure Solutions El Salvador S.A. de C.V. | Ordinary | 100.00% | Av. Olimpica 3765, San Salvador, El Salvador |
| G4S US Investments Limited | Ordinary | 100.00% | 5th Floor, Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom |
| G4S Secure Solutions (USA) Inc. | Ordinary | 100.00% | 1395 University Blvd, 33458 Jupiter, FL, United States |
| Tuhneckcaw Inc. | Ordinary | 100.00% | 900 Market Street, Suite 200, DA 19801 Wilmington, Delaware, United States |
| G4S Secure Solutions International Inc. | Ordinary | 100.00% | 1395 University Blvd, 33458 Jupiter, FL, United States |
| Wackenhut Homeland Security, Inc. | Ordinary | 100.00% | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, FL, United States |
| Veba Trust | Ordinary | 100.00% | 1395 University Blvd., 33458 Jupiter, United States |
| Titania Insurance Co of America | Ordinary | 100.00% | 156 College Street, 3rd Floor, 05401 VT, IS, United States |
| G4S Holding One Inc * | Ordinary | 100.00% | 2711 Centerville Rd, 19808 Wilmington, DE, United States |
| G4S Technology Holdings (USA) Inc. | Ordinary | 100.00% | 21 North Avenue, MA 01803 Burlington, United States |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

10 Investments (continued)

| | | | |
|--|----------|---------|---|
| G4S Compliance & Investigations, Inc | Ordinary | 100.00% | 910 Paverstone Drive, 27615 Raleigh, NC, United States |
| Ronco Consulting Corporation | Ordinary | 100.00% | 1209 Orange Street, DE 19801 Wilmington, Delaware, United States |
| G4S Technology Software Solutions LLC | Ordinary | 100.00% | 21 North Avenue, MA 01803 Burlington, United States |
| G4S US Inc. | Ordinary | 100.00% | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, FL, United States |
| G4S Secure Integration LLC | Ordinary | 100.00% | 1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States |
| Wackenhut US Properties, Inc. | Ordinary | 100.00% | 2711 Centerville Rd, 19808 Wilmington, DE, United States |
| Wackenhut Foreign Properties Inc. | Ordinary | 100.00% | 2711 Centerville Rd, 19808 Wilmington, DE, United States |
| American Guard & Alert Inc. | Ordinary | 100.00% | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, FL, United States |
| TWC/FL/01, Inc. | Ordinary | 100.00% | 4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, FL, United States |
| G4S International Logistics (USA) Inc. | Ordinary | 100.00% | PROLOGIS Cargo Center 75, JFK International Airport, North Hangar Road, Suite 210 Jamaica 11430 New York, United States |
| G4S Guatemala Holding LLC | Ordinary | 100.00% | 1395 University Blvd, 33458 Jupiter, FL, United States |
| G4S Electronica Holding LLC | Ordinary | 100.00% | 1395 University Blvd, 33458 Jupiter, FL, United States |
| G4S Guatemala Facility Services, LLC | Ordinary | 100.00% | 1395 University Blvd, 33458 Jupiter, FL, United States |
| G4S Retail Solutions (USA) Inc. | Ordinary | 100.00% | 2711 Centerville Rd, 19808 Wilmington, DE, United States |
| Renaissance Center Management Company | Ordinary | 90.90% | 601 Abbot Rd., 48823 Lansing, United States |
| Adesta LLC | Ordinary | 100.00% | 1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States |
| G4S Secure Solutions (Uruguay) S.A. | Ordinary | 80.00% | Cufre 2320, Montevideo, Uruguay |
| Setecsa de Venezuela CA | Ordinary | 30.00% | Los Ruices Sur, Calle Milan 1013, Caracas, Venezuela |

* Direct investment

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

11 Trade and other receivables

| | 2018 £ 000 | 2017 £ 000 |
|---|----------------|----------------|
| Amounts owed from group undertakings (members of the G4S plc group) | <u>469,854</u> | <u>426,967</u> |

Included in amounts owed from group undertakings are loans of £43,285,000 (2017: £915,000) which are unsecured and repayable on demand. Interest is charged on these loans at LIBOR + 1.5% (2017: LIBOR + 1.5%). Included in the amounts owed from group undertakings are also loans of £424,597,000 (2017: £424,597,000) 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.

12 Trade and other payables

| | 2018 £ 000 | 2017 £ 000 |
|---|----------------|----------------|
| Amounts owed to group undertakings (members of the G4S plc group) | <u>489,143</u> | <u>461,004</u> |

Included in amounts owed to group undertakings are loans of £489,143,000 (2017: £461,004,000) which are unsecured, interest-free and repayable on demand. All other amounts owed to group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

13 Called-up share capital

Allotted, called up and fully paid shares

| | 2018 | | 2017 | |
|----------------------------|----------------|----------------|----------------|----------------|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary shares of £1 each | <u>104,918</u> | <u>104,918</u> | <u>104,918</u> | <u>104,918</u> |

14 Dividends

| | 2018 £ 000 | 2017 £ 000 |
|--|---------------|---------------|
| Final dividend of £Nil (2017 - £0.7101) per ordinary share | <u>-</u> | <u>74,500</u> |

G4S US Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

15 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is G4S Corporate Services 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.