G4S plc

Annual Report and Accounts for the year ended 31 December 2020

Registered number 4992207

Registered office: 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT
Legal Entity Identifier code: 549300L3kwkk8x35qr12
G4S website: g4s.com

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Introduction

The Directors have pleasure in presenting the Annual Report and Accounts of G4S plc (the Company) and its subsidiaries (together, the Group) for the year ended 31 December 2020.

The Group is a focused global leader in security and the Group's purpose – "Securing Your World" means that across six continents, G4S and its more than 490,000 employees play a valuable and important role in society.

On 16 March 2021, the 245 pence per share cash offer from Atlas UK Bidco Limited, a recently incorporated entity that is controlled by Allied Universal ("Allied" or "Allied Universal") for the entire share capital of G4S plc was declared unconditional as to acceptances and the acquisition of G4S via Atlas UK Bidco Limited, was completed on 6 April (the "Acquisition Date"). Following the Acquisition Date, Allied Universal is expected to undertake a detailed evaluation of the Group, which will include appropriate engagement with relevant stakeholders, including affected employees and any appropriate employee representative bodies, in accordance with applicable laws.

The Group's strategy

The strategy that the Board and Group Executive Committee focused on during 2020 and up to the Acquisition Date is described below. The Group's strategy, up to such date, was focused on two distinctive capabilities: an industry-leading global integrated security company and Retail Cash Solutions, a market leading cash technology business.

G4S has been fundamentally restructured and repositioned as a leader in Integrated Security to address long-term growth in global security markets

G4S is a focused global company with an unmatched market footprint, delivering strong operating and financial performance.

Through significant restructuring and portfolio action over recent years, the Board and Management have fundamentally repositioned G4S as an industry-leading global security company, with 90% of our PBITA (from 76% in 2013) now derived from our Secure Solutions business.

The successful sale of the majority of our Conventional Cash business in February 2020 represented a major milestone on this transformation journey, enabling G4S to focus on growing its Integrated Security business. Our Integrated Security offering combines our risk consulting expertise, security professionals, technology and data analytics. G4S's innovative and unique approach aims to manage risks and enhance value for our customers and to support our revenue growth, customer loyalty and superior margins.

G4S operates in many attractive secure solutions markets and it does so from a position of considerable strength with an unmatched geographic presence, a strong global brand, competitive operating capabilities and a strong focus on health and safety performance.

Industry leading Retail Cash Solutions business

In recent years, Management has also created a high margin, high growth business in North America, Retail Cash Solutions, which has an attractive pipeline of orders and prospects.

Integrated Security strategy

Following the significant re-shaping of the Company's business portfolio in recent years, the Board believes that the Group is now positioned to develop an enhanced service mix with a growing proportion of higher value Integrated Security services.

As a responsible employer the Group's priorities embrace sustainable investment to promote the health and safety of employees and this is reflected in the very strong improvement in the Group's health and safety performance over the past seven years.

The benefits of the G4S strategy, strong execution and rapid response to Covid-19 are reflected in the Group's underlying results for the year ended 31 December 2020, with resilient revenue, earnings and cash flow.

The G4S business model - Integrated Security

The G4S business model starts with anticipating customer needs through detailed risk assessments. The Group is investing in the resources, skills and capabilities needed to market, design, build, operate and maintain technology-enabled Integrated Security solutions. Our solutions include a combination of all or some of the following types of services - risk consultants, security officers, security and data analysts, security technology and software and global security operations centres.

We believe that this approach provides G4S customers with value-adding services and solutions and in turn offers G4S the opportunity to earn a higher margin on these higher value services.

Covid-19 response

In response to the Covid-19 pandemic during 2020, the Group continued to reinforce health and safety measures for employees and customers, assure service delivery and protect the company's financial performance, cash flow and financial position. In the midst of the pandemic, G4S staff all over the world responded with extraordinary courage and resilience to keep delivering vital services and keep workplaces safe, clean and secure.

In addition and where appropriate, the Group assisted customers around the world with their Covid-19 return to work assurance programmes with an increased demand for thermal cameras, security systems integrated with healthcare applications, access control and screening personnel.

The Group believes that its resilient performance reflects the essential nature of its services, the growing value to customers of its Integrated Security solutions, increasingly focused execution and the benefit of a diversified revenue base, by market and customer type.

Outlook and prospects

As stated in its offer document dated 5 January 2021, Allied believes that G4S represents an exciting opportunity to invest in a well-established integrated security services company with a global brand and a strong international client base spanning the public and private sectors. Following the Acquisition Date, Allied expects that the Enlarged Group will be able to grow its business in the US market, where G4S already has a substantial presence, and to expand its operations in Europe and in emerging markets.

Following the Acquisition Date, Allied intends to work with G4S's management to complete a full evaluation of the G4S Group and its strategy, operations and organisational structure, which will consider both the short and long-term objectives of the business as part of the Enlarged Group. The evaluation will focus on all aspects of the Enlarged Group's business and the opportunities available to it, including: (a) a review of the existing and future potential strategy of G4S's businesses, their markets, customers, product offerings, potential liability risks and specific contracts; (b) the attractiveness and growth potential of each geography, and G4S's respective competitive positioning; (c) the strategic fit of each business within Allied Universal's current operations and expertise and environmental, social and corporate governance framework; (d) further assessing the synergies between each of the G4S businesses (or parts thereof) with the rest of the Enlarged Group; and (e) determining how best to position the business to continue to be a leader in the security industry.

Allied recognises that G4S has undertaken significant re-shaping of its business portfolio in recent years and is supportive of management's current strategy to position G4S as a leading global security company and intends to work with G4S's management to identify and evaluate potential acquisition opportunities that align with the Enlarged Group's objectives and strategy as well as potential disposal opportunities in relation to those parts of the G4S business or geographies that are not considered to be core to such objectives and strategy or that do not represent attractive long-term market opportunities aligned with the Enlarged Group's strategy.

Financial performance – statutory basis

	2020 £m	2019 £m	YoY %
Revenue	**6,960**	7,758	(10.3)
Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")	**427**	501	(14.8)
Specific items (net)	**(53)**	(13)	
Serious Fraud Office Deferred Prosecution Agreement	**(52)**	–	
Bid defence	**(34)**	–	
Restructuring and separation costs	**(58)**	(57)	
Guaranteed minimum pension equalisation charge	**(2)**	–	
California class action settlement	–	18	
Gain/(loss) on disposal/closure of subsidiaries/businesses	**185**	(5)	
Loss on disposal of fixed assets	**(3)**	(2)	
Goodwill impairment	**(58)**	(291)	
Asset impairment	**(4)**	–	
Acquisition-related amortisation	**(3)**	(6)	
Operating profit	**345**	145	137.9
Net finance expense	**(100)**	(118)	
Profit before tax	**245**	27	807.4
Tax	**(84)**	(107)	
Profit/(loss) for the year	**161**	(80)	301.3
Non-controlling interests	**(8)**	(11)	
Profit/(loss) attributable to equity holders of the parent	**153**	(91)	268.1
Earnings/(loss) per share – Basic	**9.9p**	(5.9)p	267.8
Operating cash flow	**610**	504	21.0

Financial Performance - Underlying results and Alternative Performance Measures

Management consider the key performance indicators of the Group to be underlying revenue, adjusted PBITA, earnings per share and operating cash flow, explained and reconciled below.

	Revenue 2020 £m	Revenue 2019 £m	YoY %	Adjusted PBITA 2020 £m	Adjusted PBITA 2019 £m	YoY %
Africa	**390**	394	(1.0)	**29**	28	3.6
Americas	**2,687**	2,586	3.9	**176**	135	30.4
Asia	**867**	889	(2.5)	**86**	66	30.3
Europe & Middle East	**2,348**	2,453	(4.3)	**146**	175	(16.6)
Secure Solutions	**6,292**	6,322	(0.5)	**437**	404	8.2
Cash Solutions	**455**	539	(15.6)	**34**	55	(38.2)
Total before corporate costs	**6,747**	6,861	(1.7)	**471**	459	2.6
Corporate costs				**(60)**	(48)	25.0
Group underlying results[1]	**6,747**	6,861	(1.7)	**411**	411	–
Onerous contracts	**28**	86		–	–	
Disposed businesses	**185**	620		**16**	82	
Foreign exchange	–	191		–	8	
Statutory results	**6,960**	7,758	(10.3)	**427**	501	(14.8)

1 Group underlying results for 2019 are presented on a constant currency basis as described below.

Alternative Performance Measures (APMs)

The Group applies the basis of preparation for its statutory results shown on page 77. To provide additional information and analysis, which enables a full understanding of the Group's results and to identify easily the performance of the Group's on-going businesses, the Group also makes use of a number of Alternative Performance Measures (APMs) in the management of its operations and as a key component of its internal and external reporting. These APMs are prepared and presented in accordance with the following basis of preparation. Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other businesses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

Adjusted results

In order to allow a full understanding of its results, the Group separately discloses the effects on profit of strategic restructuring activities, costs of major corporate restructuring, acquisition-related amortisation and expenses, goodwill impairments and profits or losses arising on the disposal or closure of businesses (together, "separately disclosed items"). The Group also discloses separately those items that the Group believes need to be shown separately to allow a more fulsome understanding of the results for the year because of their size, nature or incidence (specific items).

Adjusted measures of profit and earnings are stated before the effects of separately disclosed and specific items; the related tax effects; and tax-specific charges or credits which have a material impact, such as those arising from changes in tax legislation.

Adjusted measures of profit are provided to allow the trading results of the Group to be assessed separately from the effects of corporate actions (such as acquisitions, disposals and strategic restructuring) and the effects of significant or unusual items. A reconciliation of Adjusted PBITA to operating profit is provided on page 4.

Underlying results

To provide a better indication of the performance of the Group's on-going business for the year, the Group separately presents its underlying results. Underlying results are defined as the adjusted results of the Group (i.e. stated before the effect of specific and separately disclosed items) excluding the results of onerous contracts and businesses that have been sold or closed in the current and comparative years. Underlying results exclude the results of the businesses subject to the conventional cash disposal, providing a clearer indication of the performance of the businesses that are controlled by the Group at 31 December 2020, and a consistent view of the way that the Chief Operating Decision Maker has reviewed the performance of the Group during the year.

Underlying results for the comparative year are re-presented to remove the effect of businesses disposed of or closed in the current year to enable a like-for-like comparison of the results of the Group's on-going activities at the end of the most recent reporting year.

Constant currency results

In order to allow readers to assess the performance of the Group's business, before the effect of foreign exchange movements, the Group also presents its comparative results (excluding cash flows) retranslated to Sterling using the average rates for the current year. Cash flows are not retranslated but are presented at historical exchange rates.

Comparative results for hyperinflationary economies are translated at current year closing exchange rates when presenting constant currency results. For both 2020 and 2019 the only hyperinflationary economy in which the Group operated was Argentina. A reconciliation of the constant currency results for the year to statutory results is included on page 10.

Business reporting structure

In line with its strategy for managing the business, the Group reports separately the underlying results of its Cash Solutions and Secure Solutions businesses. The results for the Secure Solutions business are further divided geographically into the following regions: Africa; Americas; Asia; and Europe & Middle East. The Group reports separately the results of onerous contracts and the results of its disposed businesses, being those that have been sold or closed in the current or prior years.

These components, together with the impact of restructuring costs, specific items and other separately disclosed items constitute "continuing operations". Discontinued operations, in accordance with IFRS 5, are areas of the business which are being managed for sale or closure but which represent separate major lines of business. The Group has not classified any operations as discontinued in any of the periods presented. All amounts recorded as discontinued relate to businesses sold prior to 1 January 2017.

Financial performance indicators

The key financial measures used by the Group in measuring progress against strategic objectives are set out below. Underlying revenue, Adjusted PBITA, operating cash flow, earnings and earnings per share are reconciled for the current and prior year to the Group's statutory results on page 10.

Revenue

Statutory revenue arising in each of the underlying, onerous contract and disposed business components. Underlying revenue is a Key Performance Indicator (KPI).

Adjusted profit before interest, tax and amortisation (Adjusted PBITA)

The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of financial performance from the normal course of business and more comparable year-to-year. Adjusted PBITA excludes the effect of separately disclosed items (being restructuring and separation costs, goodwill impairment, amortisation of acquisition-related intangible assets and profits or losses on disposal or closure of businesses) and specific items (including costs related to the SFO Deferred Prosecution Agreement and bid defence), which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as explained below.

Restructuring costs

These costs relate to the wider strategic transformation of the Group and are excluded from group and regional Adjusted PBITA since they reflect group decisions and are not considered to be reflective of the underlying financial performance of the individual businesses. In 2017 the Group announced a three-year plan to 2020 to implement efficient organisational design and leaner processes, which is likely to require further restructuring investment. This programme is of a strategic nature and, as such, is monitored and approved by the Group Executive Committee. Local, non-strategic restructuring costs in the businesses continue to be reported within Adjusted PBITA, consistent with prior years.

Goodwill impairment and amortisation of acquisition-related intangible assets

The goodwill and acquisition-related intangible assets (mainly related to the capitalised value of customer lists), which these charges were made against, arose when the Group acquired a number of its current businesses. In contrast, organically-developed businesses in the Group, whilst clearly benefitting from intangible assets such as talent and customer relationships, do not have any associated goodwill or acquisition-related intangible assets recognised in the Group's consolidated statement of financial position.

Impairment of goodwill and amortisation or impairment of acquisition related intangible assets are excluded from Adjusted PBITA as they relate to historical acquisition activity rather than the underlying trading performance of the business, and this presentation enables effective comparison of business performance across the Group, regardless of whether businesses were acquired or developed organically. This approach provides management with comparable information for day-to-day decision making. The income and trading profits earned from previously-acquired businesses are, however, included within Adjusted PBITA, and this treatment may differ from how other groups present profits and amortisation of intangible assets relating to businesses acquired.

The Group reports amortisation of all non-acquisition-related intangible assets, which are mainly related to development costs and software, as a charge within Adjusted PBITA, to reflect the amortisation of capital expenditure invested in these assets to deliver the day-to-day operations, consistent with the treatment of depreciation of capital expenditure invested in property, plant and equipment.

Specific Items

All specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversal of an excess provision previously created as a specific item is recognised consistently as a specific item. The associated tax impact of specific items is recorded within the specific items tax charge. In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are also included within the specific items tax charge. Consistent with the treatment of pre-tax specific items, significant tax charges or credits that occur, which are not related to core businesses but which would have a significant impact on the Group's tax charge, would also be classified as tax-specific items.

Profits/losses on disposal/closure of subsidiaries and losses from discontinued operations

These items are excluded from the Group's adjusted performance measures since they are not reflective of the underlying financial performance of the Group.

Further details regarding these excluded items can be found in note 7 on page 92. Underlying Adjusted PBITA is a KPI.

Operating cash flow - Net cash flow from operating activities before tax. Underlying operating cash flow excludes restructuring and separation spend and is a KPI.

Earnings - Profit attributable to equity shareholders of G4S plc. Underlying earnings is a KPI.

Earnings per share (EPS) - Profit attributable to equity shareholders of G4S plc, per share, from continuing operations. Underlying EPS is a KPI.

Net debt to Adjusted EBITDA - The ratio of total net debt, including net debt reported within net assets of disposal groups held for sale, to adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This ratio is a factor in the board's assessment of the financial strength of the Group, and forms the basis of a key measure of compliance with covenants in respect of the Group's borrowing facilities. Certain of these financial performance indicators in respect of underlying results also form a significant element of performance measurement used in the determination of performance-related remuneration and incentives, as follows:

- Adjusted PBITA – annual bonus plans for senior managers in regional management;
- Operating cash flow – annual bonus plans and long-term incentive plan for all senior management including executive directors;
- Adjusted earnings – annual bonus plans for executive directors and functional directors who are members of the Group Executive Committee; and
- Adjusted EPS growth – long-term incentive plan for all senior management including executive directors.

Revenue

Revenue decreased by 10.3% compared with the prior year. Of the decrease, 2.3% (£191m) was due to movements in average exchange rates. At constant exchange rates, revenue decreased by 8.0% which included decreases in revenue from businesses disposed of during the year (£435m reduction) and from onerous contracts (£58m reduction). Excluding the effects of movements in exchange rates, disposed businesses and onerous contracts, revenue reduced by 1.7% at constant exchange rates.

At constant exchange rates, Secure Solutions revenues were 0.5% lower than the prior year, mainly reflecting the impact of Covid-19 on the aviation and events businesses in Europe & Middle East. Cash Solutions revenue decreased by 15.6% mainly driven by the Covid-19 related decline in cash usage in the United Kingdom.

Adjusted PBITA

Adjusted PBITA excludes the effect of separately disclosed and specific items which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as set out in the table above and explained below.

Adjusted PBITA of £427m (2019: £501m) was 14.8% lower reflecting a £66m decrease in Adjusted PBITA related to the sale of certain businesses, mainly conventional cash businesses sold to The Brink's Company ("Brink's"). Excluding disposed businesses and onerous contracts, the Group's Adjusted PBITA decreased by 1.9% compared with the prior year.

At constant exchange rates, Adjusted PBITA of £411m (2019: £411m) remained unchanged year-on-year. This reflects an increase in Adjusted PBITA of £33m in Secure Solutions, a reduction of £21m in Cash Solutions and a £12m increase in corporate costs, reflecting higher employee and insurance costs.

Onerous contracts

The Group's onerous contracts generated revenues of £28m for the year ended 31 December 2020 (2019: £86m at constant exchange rates), which are lower than the prior year mainly due to the finalisation of two UK contracts in 2019. This included the COMPASS contract that ended in August 2019, the finalisation of which was managed within existing provisions. For the year ended 31 December 2020 onerous contracts reported Adjusted PBITA of £nil (2019: £nil).

During the year the Group recognised a £7m additional onerous contract provision recorded as a specific item (see below) relating to estimated higher expected losses than initially forecast in two facilities management contracts in the UK. During the prior year the improved performance of three UK contracts, together with the review of their related provisions, led to a £22m gain being recognised as a specific item credit in the income statement. A £4m charge relating to a facilities management contract in the UK was also recognised in the prior year.

Disposed businesses

During the year, the Group completed the sale to Brink's of a number of cash businesses, along with some small associated Secure Solutions businesses in those countries, realising net cash consideration of £531m. Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2019 and 31 December 2020. These businesses generated revenue of £185m (2019: £620m at constant exchange rates) and adjusted PBITA of £16m (2019: £82m at constant exchange rates) during the year, up to the date of their respective disposals. Within these amounts, £43m of revenue (2019: £51m at constant exchange rates) and £6m of Adjusted PBITA (2019: £13m at constant exchange rates) relates to three conventional cash businesses sold to Brink's in February 2020, where completion took place after 31 December 2020.

Specific items

Net specific items reflect a charge of £55m offset by a credit of £2m (2019: a charge of £38m offset by a credit of £25m).

The specific item charge for the year was £55m (2019: £38m), including a £43m charge in respect of costs and potential financial penalties which might arise in respect of the ongoing investigation by the Belgian Competition Authority and the US Department of Justice Antitrust Division in connection the Group's Belgian business (note 30), a £5m charge for a commercial settlement in relation to a legacy dispute in a business closed in 2015 in North America and a £7m onerous contract provision relating to estimated higher expected losses than initially forecast in two facilities management contracts in the UK.

Specific item charges incurred during the year ended 31 December 2019 of £38m included a £15m non-recurring, non-cash expense incurred when the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf States. Also included within specific items was a £9m charge that was booked in relation to certain collective labour claims in the USA. An amount of £5m, incurred in the UK Care & Justice business, was charged to specific items in relation to investigation activities and legal advice in connection with the investigation by the UK's Serious Fraud Office in respect of the Group's legacy Electronic Monitoring contract. The Group entered into a Deferred Prosecution Agreement to settle this matter in 2020 (see below). An additional £5m specific item charge related to a review of legacy labour claims in Brazil. Finally, a £4m additional onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK.

Specific item credits recorded during the year ended 31 December 2020 of £2m largely relate to recoveries on the COMPASS contract. Specific items credits recorded during the year ended 31 December 2019 of £25m include £22m related to the improved performance of three UK onerous contracts together with a review of their related provisions, and £3m in respect of the recovery of a legacy claim in North America.

Serious Fraud Office Deferred Prosecution Agreement

A charge of £52m has been recognised in relation to the Deferred Prosecution Agreement ("DPA") entered into with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £39m, plus £6m for the settlement of the SFO's full investigation costs and £7m of legal and other costs in relation to the Deferred Prosecution Agreement process. Further information about the DPA can be found on page 39.

Bid defence

A charge of £34m (2019: £nil) was recognised in respect of services provided by the Group's financial, legal, public relations and other advisers in respect of bid defence and other advice relating to the offers for the Company from GardaWorld and Allied Universal received during the year ended 31 December 2020.

Restructuring and separation costs

Restructuring and separation charges of £58m (2019: £57m) were recorded during the year ended 31 December 2020. Restructuring costs of £37m (2019: £19m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East region and the Americas region. During the year the Group also incurred final costs of £21m in respect of the Cash Solutions separation project (2019: £38m).

Guaranteed minimum pension equalisation charge

Following a second UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in November 2020, the Group recorded a charge of £2m for the year ended 31 December 2020 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

California class action settlement

In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, in the year ended 31 December 2019, the excess remaining provision of £18m ($22m) was released to the consolidated income statement and recognised as a credit within specific and other separately disclosed items.

Gain/(loss) on disposal/closure of subsidiaries/businesses

During the year, the Group recognised a net gain of £185m (2019: loss of £5m) primarily in relation to the sale of the majority of the Group's conventional cash businesses. Disposals during the year ended 31 December 2019 related to a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018.

Loss on disposal of fixed assets

During the year, the Group recognised a loss of £3m (2019: £2m) on the disposal of fixed assets.

Goodwill impairment

During the year the Group recognised a goodwill impairment of £58m comprising £26m to fully impair the remaining goodwill balance for its Brazil Secure Solutions business; £15m in respect of the Group's Global Risk Management cash generating unit; £9m to fully impair the goodwill in its Chile Secure Solutions business; and £8m to fully impair the goodwill in its Greece Cash Solutions business. All of these impairments arose as a result of management's re-assessment of the ongoing business environment in which these businesses operated against a background of challenging trading conditions and macro-economic environments, partly as a result the Covid-19 pandemic.

In the year to 31 December 2019, the Group recognised a goodwill impairment of £205m to fully impair the goodwill in respect of its UK Cash Solutions business. The Group also recognised goodwill impairments of £86m comprising: £35m in respect of its Brazil Secure Solutions business; £40m in relation to the Group's Facilities Management business in the UK; and £11m in respect of the Group's Secure Solutions business in the United Arab Emirates.

Asset impairment

During the year the Group recognised an impairment charge of £4m. £2m of the impairment was in respect of the carrying value of certain branches in the UK Cash Solutions business reflecting the decision to restructure the network of cash branches in light of the step down in volumes experienced over the year and, in particular, in recognition of the potential medium-term impact of Covid-19 on the business (2019: £nil). The Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future and that, following this restructure, G4S will be well placed to exploit new opportunities as the market evolves. The remaining £2m impairment arose on the sublet of the Group's Corporate Headquarters in London.

Acquisition-related amortisation

Acquisition-related amortisation was £3m (2019: £6m).

Operating profit

Operating profit for the year of £345m (2019: £145m) increased by 137.9%, primarily reflecting the £185m profit on disposal of the conventional cash businesses sold to Brink's and the prior year £291m goodwill impairment charge, offset by the 14.8% decrease in Adjusted PBITA, the £52m charge recognised in respect of the Deferred Prosecution Agreement entered into with the SFO and the £34m Bid defence costs.

Net finance expense

Net interest payable on net debt decreased to £85m (2019: £103m). This primarily reflects the benefit of Group's refinancing programme which has been implemented over the last few years with the replacement of loan notes bearing high interest rates with new loan notes issued at lower interest rates and a reduction in interest on lease liabilities to £18m (2019: £24m). Net other finance costs were £5m (2019: £4m) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £10m (2019: £11m), resulting in a total net interest cost of £100m (2019: £118m).

Tax

The tax charge of £84m (2019: £107m) for 2020 included a tax charge of £88m (2019: £89m) on the Group's underlying profits, a tax credit on onerous contracts of £1m (2019: charge of £3m), a tax charge of £1m in respect of disposed businesses (2019: £14m), a tax credit of £7m (2019: £8m) in respect of restructuring costs and a net tax charge of £3m (2019: £9m) in respect of tax-specific items and tax charges and credits relating to specific and other separately disclosed items detailed above.

The Group's tax charge represents an effective rate of 34% (2019: 396%) on profit before tax of £245m (2019: £27m). The Group's lower 2020 effective tax rate is mainly a consequence of the tax exempt status of most of the gains arising on the disposal of the majority of the Group's conventional cash businesses, the impact of the upwards revaluation of deferred tax assets following the reversal of the previously enacted decrease of the UK corporation tax rate from 19% to 17% from April 2020, offset by the de-recognition of deferred tax assets arising from a reassessment of recoverability of tax attributes as a result of updated group forecasts and business plans, and a change in anticipated taxable capital gains arising on planned disposals.

The Group's 2019 effective tax rate was mainly a consequence of goodwill impairments for which no tax benefit was available, the level of provision required for potential liabilities not agreed with tax authorities, changes in the recognition of deferred tax assets and the geographic mix of profits.

Earnings per share

Statutory basic earnings per share was 9.9p (2019: loss of 5.9p), based on the weighted average number of shares in issue of 1,547m (2019: 1,547m).

Underlying basic earnings per share was 9.2% higher than the prior year at 14.3p (2019: 13.1p), based on the weighted average of 1,547m (2019: 1,547m) shares in issue.

Operating cash flow

Net cash flow from operating activities before tax was £610m (2019: £504m) and included £114m (2019: £nil) of payroll and indirect tax deferrals to the second half of 2021 and beyond under various Covid-19 related government financial support schemes in certain countries.

Underlying operating cash flow, which excludes the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items as set out in the table below, was £707m (2019: £514m).

Business performance – Alternative Performance Measures (APMs)

Summary Group results

Year ended 31 December 2020 (at 2020 average exchange rates)

£m	Underlying Results[1]	Onerous contracts	Disposed Businesses[3]	Restructuring and separation	Specific and other separately disclosed items[4]	Statutory
Revenue	**6,747**	28	185			**6,960**
Adjusted PBITA[2]	**411**	-	16			**427**
Net specific and other items[4]	**-**	(5)	-	(58)	(19)	**(82)**
Profit/(loss) before tax	**315**	(5)	12	(58)	(19)	**245**
Tax	**(88)**	1	(1)	7	(3)	**(84)**
Profit/(loss) after tax	**227**	(4)	11	(51)	(22)	**161**
Earnings/(loss)[5]	**221**	(4)	9	(51)	(22)	**153**
EPS[5]	**14.3p**	(0.3)p	0.6p	(3.3)p	(1.4)p	**9.9p**
Operating cash flow[6]	**707**	(7)	22	(59)	(53)	**610**

Year ended 31 December 2019 (at 2020 average exchange rates)[8]

£m	Underlying Results[1]	Onerous contracts	Disposed Businesses[3]	Restructuring and separation	Specific and other separately disclosed items[4]	Constant currency[7]
Revenue	**6,861**	86	620			**7,567**
Adjusted PBITA[2]	**411**	-	82			**493**
Net specific and other items[4]	**-**	18	-	(55)	(306)	**(343)**
Profit/(loss) before tax	**300**	18	77	(55)	(306)	**34**
Tax	**(87)**	(3)	(14)	8	(8)	**(104)**
Profit/(loss) after tax	**213**	15	63	(47)	(314)	**(70)**
Earnings/(loss)[5]	**203**	15	57	(47)	(308)	**(80)**
EPS[5]	**13.1p**	1.0p	3.7p	(3.0)p	(19.9)p	**(5.1)p**
Operating cash flow[6]	**514**	5	119	(47)	(87)	**504**

Year ended 31 December 2019 (at 2019 average exchange rates)

£m	Underlying Results[1]	Onerous contracts	Disposed Businesses[3]	Restructuring and separation	Specific and other separately disclosed items[4]	Statutory
Revenue	**7,047**	86	625			**7,758**
Adjusted PBITA[2]	**419**	-	82			**501**
Net specific and other items[4]	**-**	18	-	(57)	(317)	**(356)**
Profit/(loss) before tax	**307**	18	76	(57)	(317)	**27**
Tax	**(89)**	(3)	(14)	8	(9)	**(107)**
Profit/(loss) after tax	**218**	15	62	(49)	(326)	**(80)**
Earnings/(loss)[5]	**207**	15	56	(49)	(320)	**(91)**
EPS[5]	**13.4p**	1.0p	3.6p	(3.2)p	(20.7)p	**(5.9)p**
Operating cash flow[6]	**514**	5	119	(47)	(87)	**504**

1 Underlying results are APMs as defined and explained on page 5 and, for both 2019 and 2020, exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items.
2 Adjusted PBITA is an APM as defined and explained on page 6.
3 Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2019 and 31 December 2020 and are excluded from underlying results to present the underlying results of the current and comparative years on a like-for-like basis. Within these amounts, £43 million of revenue (2019: £51 million), £6 million of Adjusted PBITA (2019: £13 million) and £11 million of operating cash flow (2019: £16 million) relates to 3 conventional cash businesses sold to Brink's in February 2020, where completion took place after 31 December 2020.
4 Other separately disclosed items include net profit/(loss) on disposal/closure of subsidiaries/businesses, bid defence fees, the SFO Deferred Prosecution Agreement and acquisition-related amortisation. The associated tax impact is included in the tax charge within other separately disclosed items. In addition, tax-specific charges or credits, such as those arising from significant changes in tax legislation which have a material impact, and which are unrelated to net specific items, are included within the tax charge within other separately disclosed items. The accounting policy for specific and other separately disclosed items is provided on page 6.
5 Earnings is defined as profit attributable to equity shareholders of G4S plc. Underlying earnings and underlying EPS are adjusted to exclude specific and other separately disclosed items, as described on page 6, and are reconciled to statutory earnings and statutory EPS above.
6 Operating cash flow is defined on page 6 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £55 million (2019: £52 million). For the year ended 31 December 2019 operating cash flow is presented at 2019 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt in note 34 on page 132.
7 Constant currency amounts show the 2019 statutory results retranslated at 2020 average exchange rates as described on page 5. Constant currency amounts should not be considered as or used in place of the Group's statutory results. Constant currency operating cash flow is translated at 2019 average exchange rates.
8 Results for the year ended 31 December 2019 are reconciled to previously reported results on page 11.

Financial position

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- goodwill impairment recognised during the year is set out in note 16;
- retirement benefit obligations are explained in note 29; and
- provisions are analysed in note 30.

Net debt

Net debt as at 31 December 2020 was £1,369m (2019: £2,092m). The Group's net debt to Adjusted EBITDA ratio decreased to 2.32x (2019: 2.88x) reflecting the reduction in net debt due to disposal proceeds. The definition and detailed reconciliation of net debt to amounts in the consolidated statement of financial position is included in note 34 to the consolidated financial statements.

Total equity

Total equity at 31 December 2020 was £416m (31 December 2019: £302m). The main movements during the year were: profit for the year of £161m (2019: loss of £80m), other comprehensive loss of £14m (2019: £185m), and dividends paid to non-controlling interests of £11m (2019: £174m paid to equity holders of the parent and non-controlling interests).

The other comprehensive loss of £14m included a re-measurement gain on deferred retirement benefit schemes of £59m (2019: loss of £148m), an exchange gain on translation of foreign operations of £68m (2019: £99m) and a fair value loss in respect of net investment and cash flow hedging financial instruments of £3m (2019: gain of £33m).

Post balance sheet events

Events after the balance sheet are disclosed in note 37 of the financial statements.

Reconciliation of underlying results by segment – for the year ended 31 December 2019

	Underlying as previously reported	Movements in businesses sold and completed or closed[1]	Restated underlying results at actual rates[2]	Exchange differences[3]	Underlying results at constant rates[2]
Revenue by reportable segment (£m)					
Year ended 31 December 2019					
Africa	425	-	425	(31)	394
Americas	2,703	(9)	2,694	(108)	2,586
Asia	940	(24)	916	(27)	889
Europe & Middle East	2,504	(51)	2,453	-	2,453
Cash Solutions	1,100	(541)	559	(20)	539
Total Group revenue	**7,672**	**(625)**	**7,047**	**(186)**	**6,861**
Adjusted PBITA by reportable segment (£m)					
Year ended 31 December 2019					
Africa	30	-	30	(2)	28
Americas	136	-	136	(1)	135
Asia	70	(1)	69	(3)	66
Europe & Middle East	179	(4)	175	-	175
Cash Solutions	134	(77)	57	(2)	55
Adjusted PBITA before corporate costs	**549**	**(82)**	**467**	**(8)**	**459**
Corporate costs	(48)	-	(48)	-	(48)
Total Group Adjusted PBITA	**501**	**(82)**	**419**	**(8)**	**411**
Other financial KPIs (£m)					
Year ended 31 December 2019					
Profit before tax	383	(76)	307	(7)	300
Profit after tax	280	(62)	218	(5)	213
Earnings	263	(56)	207	(4)	203
Earnings per share (p)	17.0	(3.6)	13.4	(0.3)	13.1
Operating cash flow	633	(119)	514	-	514

[1] Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2019 and 31 December 2020 and are excluded from underlying results to present the underlying results of the current and comparative years on a like-for-like basis.

[2] Underlying results are APMs as defined and explained on page 5 and, for both 2019 and 2020, they exclude the results of businesses sold as part of the conventional cash disposal, the effect of onerous contracts and specific and other separately disclosed items. Underlying results are reconciled to statutory results on page 4 and 10.

[3] The results for the year ended 31 December 2019 were previously reported at average exchange rates for the year ended 31 December 2019. The comparative results have been re-presented at average exchange rates for the year ended 31 December 2020 as described on page 5.

Employees

Our people are core to our long term success. We have a comprehensive Human Resources (HR) strategy structured around six workstreams, with associated HR policies, processes and performance measures.

1. Organise - Are we organised as efficiently and effectively as possible?
2. Acquire - Do we have the right people in the right places?
3. Protect - Do we put the safety of our employees and those in our care first?
4. Develop - Do our employees have the capability to deliver?
5. Engage - Are our employees committed to doing a good job?
6. Reward - Do our incentives support sustainable performance?

The execution of the Group's HR strategy is facilitated by establishing industry leading employment practices, such as:

- Our Ethical Employment Partnership with UNI, the global union federation, which has been in place since 2008 to enable G4S and UNI to work together to raise employment standards in G4S and throughout the wider security market.
- Our global employee survey had an 84% favourable score in 2019, with responses from over c.450,000 employees. This valuable employee feedback is used to inform local engagement plans in addition to group wide initiatives.
- Our health and safety policy has been supplemented by additional expert resources, provision of training and establishment of additional policies and guidance to help mitigate the risks particular to our industry.
- Our Values are reinforced through ongoing communications and training, as well as embedding them in our management incentives to encourage the right behaviours.

WE ACT WITH... **INTEGRITY AND RESPECT**	**WE ARE PASSIONATE ABOUT...** **SAFETY AND SERVICE EXCELLENCE**	**WE ACHIEVE THIS THROUGH...** **INNOVATION AND TEAMWORK**
Our business activities and relationships are built on trust, honesty and openness. We do what we promise and always strive to do the right thing. We listen. We treat our colleagues, customers and those in our care with the utmost respect.	We are passionate about working safely and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customer's assets. We keep our promises and are passionate about delivering high levels of customer service.	We invest in technology and best practice to continuously improve the products and services we offer. We challenge ourselves to find new ways of helping our customers achieve their goals. We work together as a team, valuing everyone's contribution, to ensure we achieve the best results for our customers and our business.

Achievement of our strategic goals relies upon our 490,000 colleagues delivering high-quality service to customers across a wide range of geographic markets and industry sectors across the world.

In order to achieve this in a safe, ethical and sustainable way, we aim to embed the right culture across the company. Our values underpin our culture and are fundamental tools in setting, communicating and implementing our standards across the Group in order to shape the way that we work.

Through communications and training, using a variety of methods and tools, we help colleagues to understand what the G4S values mean in practice and how to apply them in their everyday work life.

Our success depends upon having employees who are as diverse as the world in which we operate and who are able to perform to their best. In order to achieve this we need to recruit people with different backgrounds and provide them with equal opportunities to progress and grow.

To help the company to build and maintain a diverse talent pool we are using the combined knowledge and experience from two global working groups established and sponsored by executive committee members. The groups are looking at ways in which we can attract and retain employees from diverse backgrounds into management and leadership roles.

G4S believes that employee engagement is essential across a global company with a workforce of more than 490,000 colleagues. To test the effectiveness of our engagement we undertake a global employee survey every two years which measures our employees' views of the company's performance across a number of areas. Our most recent survey, which was undertaken in 2019, provides valuable insight into the views of our colleagues. The results of the survey are used to enhance our Human Resources strategy and practices.

Rewarding people fairly and recognising them for their contribution and efforts whilst at work is integral to good leadership in a people based business like G4S. Terms and conditions in many countries are set by collective agreements, or by industry or government bodies. Where these don't apply we use pay and grading structures and endeavour to ensure that the company's rewards are competitive in markets in which we operate.

A critical part of developing the right culture across the Group is providing an effective whistleblowing process so that colleagues know how to raise concerns and feel confident in doing so. If colleagues have any concerns that our standards are not being met, we encourage them to use Speak Out, our global whistleblowing process. Speak Out can be used by any employee, in confidence, in multiple languages, at any time of the day or night.

The majority of matters raised via Speak Out are HR grievances, which are addressed by our HR team. Where appropriate, concerns regarding operational procedures are investigated by management to ensure that relevant standards are being followed, Internal Audit and other assurance functions may also assess operational compliance. Matters which are classified as being of a serious nature are investigated at a senior and independent level. The Group Ethics Steering Committee oversees the implementation of our whistleblowing policy and conducts regular reviews of serious reports, investigation progress and resulting actions.

	2020	2019	2018
Number of employees	**490,000**	558,000	546,000
Gender balance: Percentage of female board members	**4 (40%)**	4 (40%)	3 (30%)
Gender balance: Percentage of female senior management	**30 (16%)**	35 (17%)	34 (17%)
Gender balance: Total percentage of female employees	**76,431 (16%)**	85,904 (15%)	80,812 (15%)
Coverage by collective agreements	**31%**	30%	33%
Voluntary turnover	**24%**	24%	25%
Employee engagement: Global employee survey response rate		84%	
Employee engagement: Overall favourable score		84%	

"senior management" - The Group Leadership team and any senior managers who are also direct reports to Group Executive Committee members

Employee Health, Safety and Wellbeing

With over 490,000 colleagues delivering critically important services across every continent, employee and customer safety is of paramount importance to the Group.

G4S has a continuing focus on enhancing safety policies, standards and culture and our goal is zero harm.

The nature of our work and the environments in which we operate mean that security and safety present an operational and strategic risk to our business. We believe that setting the highest standards for health and safety across our industry helps to keep our colleagues safe and builds employee loyalty and commitment to G4S.

Sadly, during 2020, 15 of our colleagues lost their lives in the course of carrying out their duties. This compares with 20 fatalities in 2019 which was significantly lower than levels experienced in earlier years, reflecting the benefits of our health and safety programmes. We have made particular progress with road safety, recording a 90% decrease in road traffic fatalities since 2013 when we first launched our road safety improvement programme.

We continue to reduce our employee injury rate. Lost time injury rates also improved, falling from 5.7 per 1,000 employees in 2019 to 4.6 in 2020.

In addition, during 2020, we launched a mental health awareness campaign entitled Ready to Work, recognising that communities have been under additional stress during the year with the impact of COVID-19. This programme will continue into 2021.

	2020	2019	2018
LTI rate per 1,000 employees	4.6	5.7	6.6
Work-related fatalities	15	20	24
- Attack	8	9	14
- Non-Attack	5	4	3
- Road traffic incident	2	7	7

Against the backdrop of the global Covid-19 pandemic, G4S colleagues responded with extraordinary courage and resilience and we are proud and grateful for the professional commitment they have demonstrated in protecting themselves, their colleagues, our customers and members of the public.

Social

Our Purpose - **Securing Your World** - is to make the world a safer and more secure place in which to work and live.

We aim to do this by:

- Delivering industry-leading security solutions to our customers.
- Providing rewarding work for our employees.
- Making a positive social and economic contribution in our communities.
- Building a company that creates significant and sustainable value for our shareholders and other key stakeholders.

We touch the lives of millions of people every day, providing employment to hundreds of thousands of colleagues around the world, and delivering crucial services to help keep society safe and secure.

The United Nations Sustainable Development Goals call upon businesses to advance sustainable development through the investments they make, solutions they develop and the practices they adopt. We have identified a range of social and economic impacts where G4S supports the realisation of the Goals and makes a positive difference to society and communities around the world. Within these, we have a specific focus on Goal 8 (Decent Work and Economic Growth) and Goal 16 (Peace, Justice and Strong Institutions) which closely align with our strategy, CSR priority areas and our operational expertise.

How we engage	*Key areas of interest*	*Our response and KPIs*
• Operations which promote secure and stable communities • Environment, Social, Governance (ESG) Materiality Review with key stakeholders identifying four key priorities: • Employee health, safety & wellness • Human rights and duty of care • Anti-bribery & corruption • Culture, standards and behaviour • Community and engagement programmes • Substantial tax and economic contributions • Government relationships and parliamentary engagement • NGO and UN agency engagement • Industry forums	• Ethical and sustainable business practice including: • Culture, values and behaviour • Employee health, safety and wellbeing • Human rights and duty of care • Anti-bribery and corruption	• Slavery and Human Trafficking Statement • UN Global Compact: Communication on Progress • Gender Pay Gap Report (UK) • Global employee engagement survey with c450,000 employees in 2019 • Engagement with UK parliamentary committees and MP's • Values awareness and training programmes • Industry forums including: International Security Ligue, International Code of Conduct Association, British Security Industry Association, Confederation of British Industry

Customers

Through understanding our customers' needs we aim to offer value added, innovative, cost effective security solutions and build enduring relationships.

We engage with our customers through a variety of methods, including a consultative approach to selling and bidding for contracts, proactive relationship management and a sharp focus on customer service. Key areas of interests for customers include quality and price of service delivery, expertise and innovation, health and safety and business ethics.

Human Rights and Duty of Care

Our ethos is based upon fairness and respect for human rights. We are proud of the role G4S and its employees play in society and the positive contribution that they make each day to the protection of human rights around the world.

Everyone at G4S has a responsibility to respect and protect human rights and any abuse is completely unacceptable under any circumstances.

G4S's human rights policy and its related framework are based upon the UN Guiding Principles for Business and Human Rights. Alongside our values, the framework reinforces the continued development of a business model which supports the realisation of the UN Sustainable Development Goals through the creation of decent employment, the global improvement of industry standards and by helping to create secure and stable communities.

Our updated human rights policy and guidance were published in March 2021 and set out our commitment and approach to human rights, including the responsibility of our management with regard to ongoing risk assessment, regular thematic audit and compliance monitoring.

During 2020, we have:

- Continued to make significant enhancements to our existing policies and invested in our processes and controls to support and protect migrant workers across the Group.
  Including:
  - Completing implementation of the 'Employer Pays' principle in Oman, Thailand and the UAE. We are committed to implementing the principles, as set out by the Leadership Group for Responsible Recruitment (LGRR) in all markets well ahead of the LGRR 2026 objective.
  - G4S Migrant Worker Coordinators have completed more than 2,200 interviews and direct surveys with our migrant worker employees, to verify compliance with our Migrant Worker Policy and to confirm that the employee experience during the recruitment process was consistent with our standards.
- Implemented the EcoVadis supplier due-diligence programme across our businesses in Hong Kong, Saudi Arabia, UAE and the UK. To date, over 150 EcoVadis assessments have been completed, representing 92% of in-scope suppliers and we are pleased that 93% of supplier's scorecards have achieved a satisfactory rating. By the end of 2023, we aim to have extended the programme across our top 20 highest spending businesses, to cover 80% of G4S's total procurement spend.
- Refreshed our human rights control self-assessment, which was completed by G4S businesses in 24 high risk countries and environments.
- Delivered human rights briefings to senior management and key functional departments across the Group.

	2020	2019	2018
Number of human rights control self-assessment	24	22	48
Percentage of in-scope suppliers who have completed an EcoVadis due-diligence assessment	92%	36% (Launched in Q4 2019)	
Migrant Worker Assurance Programme: Percentage of migrant workers completing assurance surveys or interviews	8%	>10% (UAE only)	

Anti-corruption and anti-bribery matters

Behaving with integrity and respect is key to G4S' core values - they are an integral part of the Group's strategy and form an essential foundation on which we carry out our business.

We know that being a responsible and ethical business partner, employer, customer and supplier is not just a reaction to the challenges of legal compliance, but an important means of doing business and provides a clear market differentiator for G4S, particularly in many developing regions.

In 2020, we reviewed and relaunched a number of our ethics and social responsibility policies. Our new Ethics Code sets out the ethical standards which apply to all G4S businesses and employees. This was launched early in 2021, supported by an extensive communications, training and engagement programme. In addition, we have also updated our whistleblowing policy, anti-bribery & corruption framework and our human rights policy and accompanying guidance.

We have refreshed our training programme on Anti-Bribery and Corruption ("ABC"). To ensure the training is effective and reaches those who need it, in addition to all new employees, all managers and staff with responsibility for making any financial decisions and for controlling assets have been prioritised to undertake the new ABC training and to repeat it annually.

	2020	2019	2018
Employees 'feel able to speak out on unethical behaviour'		83%	
Number of cases raised via Speak Out	553	555	519

Environment

ESG analysts perceive G4S as a relatively low carbon intensity business, with a positive record to date on GHG emissions reporting and year on year progress.

We recognise that climate change is an important and ongoing concern for our group, our customers and our employees. We are undertaking an in-depth review of our current approach to environmental impact and reporting, with the aim of developing a new climate action.

A programme to review our approach and develop a full road map and targets to achieving this ambition is underway and will begin implementation later this year.

We follow WBCSD and WRI Greenhouse Gas Protocols to measure our Scope 1 and 2 emissions - vehicle fleet, fuel, refrigerants and electricity usage for G4S businesses over which the Group has financial and operational control. In addition the Group has measured Scope 3 emissions from employee business air travel.

The businesses that reported data in the 2020 GHG measurement represent around 88% of the Group's activity within our financial and operational control, across a 12 month period. This level of measurement, including each of the Group's main service types, allows reasonable estimation of the total GHG emissions for 100% of the Group.

During 2020 we have experienced a significant reduction in our global carbon emissions, resulting from both the impact of the Covid-19 pandemic, through changing working patterns and lower demand for certain services, and the divestment of the majority of our global Cash Solutions businesses.

GHG Emissions

t/CO2e	**2020**	2019	2018
GHG Emissions per £m revenue	**36**	50	55
Total GHG emissions	**272,955**	422,461	444,556
Of which, UK is	**12.3%**	12.3%	13.9%

GHG Emissions (t/CO2e)

Based upon 88% measurement	2020	2019	2018
Vehicles (inc refrigerant)	141,774	224,912	235,162
Total Buildings (inc refrigerant)	73,040	117,501	127,489
- Including electricity emissions of	*44,422*	*95,502*	*98,948*
Air travel	6,328	15,338	14,354

Consumption (includes building and vehicle consumption)

Based upon 88% measurement	**2020**	2019	2018
Kwh	**672,920,759**	1,058,602,081	1,106,362,441
Of which UK is	**16.7%**	16.0%	17.3%

Non-Financial Information Statement	**Pages**
Employees	12 - 13
Employee health, safety and wellbeing	13
Social matters	14
Anti-corruption and anti-bribery matters	15
Environmental	15 - 16

Principal risks and uncertainties

Our aim is to identify material risks that could impact us and to focus management attention on effective mitigation of the significant risks to achievement of our strategic objectives and safeguard our reputation.

A global risk environment

G4S operates in around 85 countries across the world. The risk landscape is dynamic and changing with the global trends facing businesses today. Shifts in economic power, technology advancement, climate change, demographic profiles and rapid urbanisation have an impact on how we do business. The global pandemic, political uncertainty and volatility, terrorism, weakening economies and cyber warfare are just a few of the factors influencing the risk environment.

These factors have created risks and opportunities for the security industry. G4S continues to face the operational and health and safety risks often particular to the security industry, along with financial and commercial risks common to all multinational companies. Regulations continue to be tightened with high penalties for non-compliance.

We continue to monitor global emerging risks through our risk and governance framework and confirm that there has been a robust assessment of principal and emerging risks through our risk and governance framework. We are in the midst of a global coronavirus pandemic, the impact thereof is still uncertain and unfolding, and will certainly continue to affect economies of countries and industries for the foreseeable future. G4S has a large workforce, spread over many countries, and the risks arising from the pandemic demand intense management attention. The health and safety of our staff remains the priority focus of management.

The United Kingdom has now left the European Union, and whilst this has provided certainty in many respects, the business impact in both Britain and the EU, and the associated risks, are still uncertain.

G4S has been the target of competing offers to acquire the company during the 2020 financial year, which has concluded with the acquisition of the Group by Allied Universal in April 2021. This process creates risks from unsettled staff and customers and the potential for the post-acquisition integration process to cause ongoing disruption and instability within the business, with a potentially significant impact on business performance, customers and financial performance. Throughout the course of the bid process, we have sought to ensure that the vast majority of the executive management team have remained focused on business execution with only a small number of senior leaders together with the Board focused on responding to the offers for the Company.

What we did in 2020

Progress continued to be made on increasing risk awareness and accountability for risk management on the part of business management teams. The Group's mandated control standards have been further enhanced to address our key risks, with training and challenge to facilitate effective implementation. Control self-assessments in a number of financial and operational areas were completed in all regions. These were reviewed, challenged and best practices were shared by region and group functional experts, with compliance tested through internal audits. Our quarterly Regional Audit Committees continued to focus on financial judgments, adherence to internal control standards and addressing internal and external audit findings, which has enabled further improvement in internal control awareness and helped us to identify opportunities to improve effective performance of risk mitigating controls.

The sale of the majority of our cash business in early 2020 and the onset of the global Covid-19 pandemic, required focussed management attention, firstly for a smooth transition in separating the cash businesses, and secondly to invoke our Business Continuity Plans in dealing with the disruption and health and safety risks caused by the pandemic.

We believe that G4S is a resilient, naturally hedged, and geographically diverse business. We operate essential services, with a large workforce and the onset of the pandemic necessitated the implementation of an agile business continuity process, firstly ensuring we got to grips with the Health and Safety demands of the unfolding pandemic, through to understanding the needs and concerns of our customers and taking steps to ensure the financial resilience of the Group.

What we expect to do in 2021

The acquisition by Allied Universal may result in some changes in the Group's risk management processes as G4S is integrated into the Enlarged Group. We have embarked on a number of initiatives with the objective of strengthening our control environment, including a refresh of our Enterprise Risk Management process; implementing a new Speak Out whistleblowing process and system, including the launch of a Speak Out awareness campaign; and introducing a new Business Ethics policy to the Group, designed to underpin our core values and behaviours, including refreshed training courses to incorporate anti bribery and corruption awareness, fraud awareness, and behavioural examples to guide our staff. We would expect to review the effectiveness of our three lines of defence model, and enhance the model to suit the effective operation of the system of internal control as part of the Enlarged Group. Our IT estate continues to be upgraded in specific areas and we believe that this supports more effective preventative and detective controls.

As we have moved into 2021, Regional Audit Committees have continued to review, challenge and direct improvements in the performance of control standards, financial judgments and reporting.

Enterprise risk management governance model currently in operation

Board

The board has responsibility for ensuring risk-management processes are effective by reviewing the most critical risks and controls.

Risk Committee	**Audit Committee**
The Risk Committee meets at least four times per year and reviews the Group's risk appetite, assesses the Group's principal risks and assesses the overall enterprise risk management process	The Audit Committee meets at least four times per year and ensures the Group's control framework is operating effectively
Group Executive Committee	**Regional Audit Committees**
The Group Executive Committee oversees the identification, monitoring and management of the Group's principal risks	The committees, also attended by the external auditor, meet four times a year and review: 1. The progress of closing internal and external audit findings; and 2. Reports on status of financial controls and significant accounting judgments.

Group and Regional Ethics Committees

The committees are responsible for whistleblowing and related investigations across the regions.

Operating Companies and Shared-Service Functions

Our operating companies and shared-service functions identify and assess the risks to achievement of their business objectives and plan appropriate mitigating actions. These are recorded in our risk registers across the group. A thorough review is conducted as part of the annual planning process with updates made in senior management team meetings and trading reviews. Self-assessments of compliance with group control standards are completed annually (bi-annually for financial control standards).

Operating companies
We employ three lines of defence to control and manage risks across the Group.

1st Line: Business Operations and Support

Responsibility for the first line sits with the managers of our businesses, whether line management or support. The senior management team within each business is responsible for implementing and maintaining appropriate controls across their business.

Objective: Ensures standards expected by the Group, our customers and other stakeholders are met.

2nd Line: Control and Oversight Functions

The second line consists of oversight functions at including: risk, finance, legal, human resources, operations, information technology, commercial and CSR.

Objective: Provides support to business managers

3rd Line: Internal Independent Assurance

The third line comprises the internal audit function. As part of its annual programme of work, internal audit conducts reviews of risk management processes and gives advice and recommendations on how to improve the control environment.

Objective: Provides independent assurance over the design and operation of controls.

External Audit

Financial reporting risks are considered as part of the external audit

Risk management and appetite

We have undertaken a bottom-up review of major risks and mitigation actions with businesses completing their own assessment. These reviews require management teams to identify the key controls needed to mitigate high inherent risks to acceptable residual risk levels, in line with the Group's risk appetite, further encouraging effective compliance with the Group's core standards and controls.

We also conducted a top-down review led by the Group Executive Committee, intended to ensure that the risks captured are complete, have consistency and clarity in their description, and are appropriately assessed. The risks are then summarised and presented to the Risk Committee for consideration before being presented to the Board for review. The resulting principal risks, with explanations and mitigating actions, are outlined below. The Risk Committee and the Board reviews and discusses the Group's risk appetite during the year.

G4S operates in high-risk areas of business, in which a core competence is assisting customers to manage certain risks effectively. We have a higher risk appetite for growing and transforming our businesses where we have the expertise to deliver and to achieve a good commercial return for the risk we are accepting.

We have a low to very low risk appetite for non-compliance with laws and regulations, brand and reputation, appropriate culture and values, health and safety and people risks, as these are priority areas for our stakeholders and failure in these key risk areas could have a material impact on our business.

Principal risks

1. People (Principal risk)

Risk

As one of the world's largest employers, we recognise that there are challenges in attracting and retaining employees in such a diverse range of regions and countries. We face risks associated with recruiting, training, engaging, rewarding and managing people, as well as ensuring we retain critical talent to deliver increasingly sophisticated services through our employees. Screening and vetting is a particular challenge in some territories, which lack supporting infrastructure from the relevant authorities. Any incident where our people fail to meet expectations of customers and other stakeholders could lead to financial and reputational damage. It is possible that the integration of Allied Universal and G4S may increase, for a period, some or all of our people risks.

Risk mitigation

The Group's mandatory human resource standards cover core requirements for delivering the HR strategy, such as ensuring that employees are screened, inducted and trained to perform their jobs, and that there are appropriate mechanisms in place for managing employees working in higher risk roles such as those carrying firearms. Compliance is self-assessed annually and reviewed by local, regional and group teams. Additionally, key HR controls are tested by internal audit during visits to the businesses.

Staff turnover is a key indicator to us of employee satisfaction, and reducing it improves service excellence and reduces recruitment costs. During the year staff turnover remained consistent with 2019, at 24%.

Mitigation priorities for 2021

Allied Universal and G4S are employing dedicated integration resources and a number of tools designed to mitigate risks in this area of the business in 2021.

Engagement with employees takes place at all levels and in multiple ways throughout our businesses. In 2021 a variety of new initiatives such as the Global Inclusion Council and the implementation of a new Business Ethics Code can be platforms to engage with employees and seek their ideas and feedback on important issues. In parallel with the launch of the new Code, the Global whistleblowing system, Speak Out, is being refreshed to encourage employees to raise any concerns if they see or know of any practices or circumstances that do not align with our values, behaviour or our new Code.

Compliance with our Core HR Standards continues to be self-assessed and reviewed by local, regional and group teams as well as tested by internal audit. Particular focus is placed on the revised Screening and Vetting Policy, as well as reviews of in-country labour supply, laws and regulations. Direct support is provided where appropriate to enhance compliance with our standards.

Our success depends upon having employees who are as diverse as the world in which we operate and who are able to perform to their best with the skills required to deliver our strategy. In order to achieve this we need to recruit people with different backgrounds and provide them with equal opportunities to progress and grow. To help us achieve this, in 2020 we signed an enterprise wide agreement with LinkedIn which has provided us with a platform to support our resourcing priorities globally and locally. We have increased the number of recruiter licences from 8 to over 120 globally and our global resourcing teams have completed a series of development sessions.

To help us build on our brand recognition and enable us to engage with a much wider audience we have used our 2021 G4S global Culture and Values calendar across numerous social platforms. We are engaging with our employees, potential employees, customers, suppliers and social audiences through a variety of values led social media posts, increasing our reach and engagement across a wide range of diverse talent pools.

Through the G4S Academy we are developing training for employees to enhance their understanding of all of products and services and develop the skills required for delivering integrated security solutions.

2. Health and safety (H&S) (Principal risk)

Risk

The provision of security services to protect people and assets, presents a unique mix of health and safety risks. The main categories have been armed attacks, road safety, accidents on customer sites and firearm management. In addition to the potential to harm individuals, a breach of H&S regulations or not meeting customers' standards could disrupt the Group's business, have a negative impact on our reputation and lead to financial and regulatory costs

The global pandemic presents new risks, most notably that a significant number of employees could contract the disease which could lead to illness and death. Whilst we have taken steps to mitigate these risks in workplaces, circumstances outside of the workplace (e.g. Covid-19 government restrictions, social distancing measures and economic conditions) could also lead to an increased risk of mental health issues amongst our staff. The resulting extended staff absence due to illness or precautionary self-isolation, as well higher than normal employee turnover rates, could also have an impact on business performance and potentially disrupt our service delivery.

In 2020, 15 (2019: 20) employees lost their lives in work-related incidents, of which 8 (2019: 9) were a result of armed attacks and 2 (2019: 7) were a result of road-traffic incidents. There was one (2019: 2) non-natural death of a person in our custody.

Risk mitigation

Our goal is Zero Harm and we prioritise safety management to protect the health and well-being of our colleagues and those around us. We have minimum requirements for H&S and firearms training, including bespoke modules for front-line staff. Performance is measured retrospectively through injury rates and more proactively through high potential incidents and compliance scores. Our standards require that sites are inspected prior to deploying security officers to ensure that operational risks do not exceed our risk appetite.

All businesses are expected to conduct workplace audits and inspections, and business leaders complete statements of compliance with G4S standards for H&S and firearms where applicable. Targeted reviews and support are provided by the corporate H&S function. Key controls are included in the scope of Internal Audit.

With the onset of the coronavirus pandemic our businesses updated their business continuity plans. We also proactively mandated our regional teams to adopt controls to minimise the spread of the virus in the workplace and other facilities managed by our businesses. Our global procurement function coordinated the supply of Personal Protective Equipment (PPE) for our staff. We launched a mental health awareness campaign across all regions to ensure that employees know where they can access support if they have concerns. We also delivered training for supervisors on how to support their team members if they had mental health concerns as well as how to ensure compliance with controls in the workplace.

During 2020 we reviewed controls related to firearm management and a common set of firearm safety rules was developed for relevant businesses. We introduced guidelines for assessing the risks in service lines other than our core manned guarding and cash services. Businesses also conducted reviews of their road safety controls, which helped sustain the long term improvement in this area.

Mitigation priorities for 2021

During the first part of 2021 our priority has been to maintain awareness and mitigation of Covid-19 risks. We would expect to conduct further H&S training for managers and supervisors. We continue to investigate every serious H&S incident and strive to refine our standards, policies, controls and training materials where we see an opportunity to reduce H&S risks further.

We aim to raise awareness of H&S concerns and guidance in prevention.

3. Culture and values (Principal risk)

Risk

G4S operates in around 85 countries, and provides security for people, premises and valuable assets. Inevitably, our employees, customers and services are impacted by many different cultures that this scenario brings. Furthermore, we operate security services and solutions in environments involving detainees, victims of crime, people needing assistance, and other members of the public. Having an appropriate set of values and standards strongly embedded in our corporate culture is very important to ensure employees meet our high expectations including compliance with our ethics code. Failure to do so risks not delivering on our commitment to our colleagues, customers and other stakeholders and may result in a failure to comply with legislation and international standards. In some cases, this could impact the Group's performance, have an adverse effect on the Group's reputation and lead to penalties or criminal action.

Risk mitigation

Our values, detailed on page 12, are continually reinforced to all employees through a variety of key processes including recruitment, induction training, and recognition schemes as well as communications materials. Our values-based training materials have been developed to reflect common experiences or particular challenges which come to light from whistleblowing cases, internal grievances or feedback from the global employee engagement survey (most recently conducted in 2019). There are HR controls in place that are designed to ensure that the way we organise, acquire, protect, develop, engage and reward our employees is in line with our values, our expectations and applicable laws and regulations. For managers, the enhanced competency framework has helped guide the development of mandatory on-line training, which uses realistic scenarios to guide participants to make values-based decisions from a range of options in order to achieve the right outcomes in real situations. We continue to build awareness of the importance of living our values in our day to day activities and reward and recognition schemes continue to be aligned to our values.

We require our employees to behave in line with our values, to report and escalate business risks where appropriate and to be prepared to use our whistleblowing facility, Speak Out, if they become aware that others are not living up to our values.

During 2020, we refreshed our policies around employee screening and vetting, our G4S on-boarding programme, our anti bribery and corruption awareness training programme and our whistleblowing programme.

Mitigation priorities for 2021

We aim to pursue a best-practice approach to business ethics, and to encourage the appropriate behaviours in a global workforce. We have recently issued a new Ethics Code. The new Code sets out what we mean by behaving in the right way for all people whose lives we touch - our customers, our employees and the communities in which we live and work. The Code is designed to be accessible to all staff and is being rolled out across the business in 2021 via various methods including training programmes. Refreshed anti bribery and corruption training is being launched alongside the implementation of the Code.

During 2020 we engaged an external organisation to conduct an independent review of our whistleblowing practices. The recommendations from the review are planned to be implemented in 2021 alongside the implementation of a new whistleblowing system and the launch of a new whistleblowing policy.

4. Brand and Reputation (Principal risk)

Risk

Our brand and reputation as a leading integrated security provider and company of choice for customers, employees and shareholders, is built upon a heritage of more than 100 years in the security industry. With nearly half a million employees working around the world, the standards we set, quality of service and way in which colleagues conduct themselves is fundamental to the success of the Group and protecting our long established reputation. A failure to manage effectively shortfalls in service delivery, poor behaviour of G4S employees or litigation resulting in negative publicity about the Group, may result in the risk of G4S being less likely to win new business and increase the likelihood of losing our existing valued customers. It also has the potential to impact on our ability to attract and retain high quality talent around the world in support of our growth strategy. The perception of our business in the market is extremely important to us and something we take very seriously.

Risk mitigation

Historically, the Group's reputation has been impacted negatively as a result of the activities undertaken by the Group, the location or environment in which they are provided or as the result of employees not behaving in line with the Group's policies and standards. Today, our processes for evaluating business opportunities focus on these factors whilst assessing whether the service can be provided to the customer's requirements, whether the financial returns (risk reward balance) are appropriate and if the required service can be delivered in line with the Group's values and standards.

Business continuity and crisis plans, policies and procedures are in place across the business to effectively manage and mitigate crises and business disruption. Our corporate values are clearly defined and communicated to our employees, customers and investors and form a fundamental part of the way we manage the business. As described elsewhere in this report, during 2020 we continued to invest in our Speak Out whistleblowing framework to encourage escalation of concerns within the business to enable more effective management and mitigation measures.

Internal brand and communications policies define the way in which we communicate and manage the G4S brand in a consistent manner.

Our Corporate Affairs team communicates information about our business consistently and clearly to customers, employees and stakeholders, including our strategic priorities, values and business news updates. We continually monitor the news networks and media platforms and work proactively with media organisations to ensure news articles about our business remain factual, balanced and fairly reported and if we believe that information about our business has been misreported we aim to issue public statements to reassure shareholders, employees and customers.

Our reputation with our customers is key to the success of our business and to support our growth strategy. We continually monitor and manage customer satisfaction and invest in our employees and service delivery capabilities to ensure we are able to meet our customer's expectations.

5. Market (Principal risk)

Risk

The Group operates in a high risk environment, providing security solutions and services to a wide variety of customers and markets. Like most other companies, G4S's markets may be affected by shrinking economies, business closures and pricing pressure. The causes thereof are many, including the coronavirus pandemic, political uncertainty and hostilities, Brexit and natural disasters. These factors and the aggregation thereof, expose us to risks such as failure to manage the consequences of prolonged economic downturn, reduced customer demand, accelerated decline of businesses and industries, macroeconomic initiatives to counter inflation, unemployment and rising government and individual borrowings.

Technological advancements are changing the security industry rapidly and risks around the digital agenda can be disruptive, but may also provide opportunities for G4S. As digital advancement develops, there is a risk that the Group may not keep up or ahead of technological advancements, which may lead to increased competition from technology companies, price pressure and service changes.

Risk mitigation

We believe that G4S's core secure solutions business has a degree of natural resilience. Operating an often essential service, in over 85 countries, and servicing a market on the scale of G4S, from sophisticated or complex buyers and solutions, to the more traditional manned security requirements serves to lower the risk of financial impacts on the business from the economic downturn. The Group's financial position has strengthened over 2020 reflecting our rigorous management of working capital and cash flow in the face of the economic challenges and the leverage benefits arising from the disposal of the conventional cash businesses to Brink's.

Mitigation priorities for 2021

We are investing in the deployment of technology in the security industry (see Growth Strategy). We have tested some of our innovative solutions and increased focus on integrated solutions in certain markets.

6. Laws and regulations (Principal risk)

Risk

G4S operates under many complex and diverse regulatory frameworks, some of which have extraterritorial reach and many where regulations change frequently. Risks include: new or changed restrictions on foreign ownership; difficulties obtaining all relevant licences to operate; complying with employment legislation covering a wide range of requirements; complying with often complex and broad ranging local tax regulations; increasing litigation and class actions; bribery and corruption and complying with human rights legislation. Failure to meet the required standards can lead to higher costs from claims and litigation; inability to operate in certain jurisdictions, through either direct ownership or joint ventures; loss of management control; damage to our reputation; and loss of customer confidence.

During 2020, G4S Care and Justice Services (UK) Limited concluded a Deferred Prosecution Agreement (DPA) with the Serious Fraud Office (SFO) in the UK, in respect of the UK Care & Justice electronic monitoring contract investigation which commenced in 2013. The DPA spans a period of three years, ending in July 2023, and requires G4S to take a number of actions focussed on strengthening the Care & Justice internal control environment. There is a risk that the Group might not fulfil its commitments as set out in the DPA which could lead to the SFO seeking to prosecute the Care & Justice business.

In April 2020, the Group received requests for information from the Belgian Competition Authority (“BCA”) and the US Department of Justice Antitrust Division (“DoJ”) in connection with the Group’s Belgian business. The BCA and DoJ inquiries are continuing and the Group is engaging and cooperating fully with both authorities. There is a wide range of possible outcomes in respect of these inquiries, including the potential imposition of material financial penalties, third-party claims and/or debarment from certain tendering processes.

Risk mitigation

Our policies and procedures clearly set out the requirement for local management teams to comply with all relevant laws and regulations. Group and regional leadership, together with our Ethics Committees at group and regional level provide oversight and support our businesses to mitigate the risks. We continue to conduct compliance reviews to enhance our understanding and compliance with legislation, including Human Rights legislation, ethical practices and codes of conduct.

Group legal and regional leadership closely monitor changes in foreign investment and ownership laws and make appropriate plans to respond. G4S continues to liaise with relevant governments and authorities to influence positively the regulatory environments in which we work.

The Group has developed an action plan and governance framework to deliver the actions set out in the DPA with the SFO. Additional resources have been identified and management responsibilities assigned to implement the action plan and the Board and executive management team are committed to delivery thereof.

The BCA and DoJ inquiries are continuing and the Group is engaging and cooperating fully with both authorities. As set out in note 7 on page 92, during the year ended 31 December 2020, the Group recognised a charge of £43m in respect of these inquiries reflecting legal costs and an estimate of the quantum of potential financial penalties which might arise on completion of the inquiry process.

Mitigation priorities for 2021

Given the complexity and impact of non-compliance in respect of this risk, continued focus is expected on the enhancement of compliance with laws and regulations across all major jurisdictions in which we operate. We are enhancing our compliance structures to improve our three lines of defence in managing and monitoring risks. Direct enquiry and oversight by group and region of local management is intended to ensure these risks are understood and that concerns are addressed appropriately with mitigation plans implemented promptly. We intend to continue to focus on delivery of the actions required to comply with the DPA entered into with the SFO, and Allied Universal, as the Group’s new holding company, has stated its intention to ensure that G4S maintains compliance with the DPA.

7. Growth strategy (Principal risk)

Risk

Our growth strategy is underpinned by consultative selling of integrated solutions through a standardised risk-assessment approach. In this way we aim to offer customised and/or standardised service offerings to our customers. We aim to focus on the development and offering of innovative, integrated products and services and improving business efficiency to strengthen service excellence and support improved margins. We intend to target territories where we feel we can grow our market offerings, as well as concentrate on overall customer service

There are risks with adopting such a strategy: that we fail to create higher-value solutions that differentiate us from local commoditised competitors; that we fail to deliver our core services effectively and consistently; that we lose contracts or growth opportunities through price competition and market changes; that we fail to enter target markets successfully; that we become over-reliant on large customers; and that our business transformation initiatives do not deliver as expected.

Risk mitigation

We focus on delivering excellent service and we are implementing a sales methodology focused on consultative selling which we believe enables our customers to better appreciate the benefits of our innovative integrated solutions offerings.

We will continue to seek ways to innovate our product offering, including proprietary security systems, video and intelligent camera systems, video management systems, global security intelligence systems and software tools including incident-management systems such as RISK360 in our Secure Solutions business. For Cash Solutions, development would include: retail solutions, CASH360 and solutions for smaller retailers.

Our global accounts programme is designed to support and promote our multinational accounts initiatives and our consistent focus on delivering excellent service to customers helps to support customer satisfaction, retention and future growth.

Mitigation priorities for 2021

Continue focus on customer needs and how our innovative and integrated service will add value. The existing structured approach is intended to understand customers' requirements and proactively improve relationships and customer satisfaction. We will continue to innovate our product offering. We plan to focus resource on identifying emerging risks and take appropriate action as soon as practicably possible. The customer service and management structure is robust and effective, but will continue to be enhanced and adapted to the changing environments.

8. Contracts (Principal risk)

Risk

The Group operates a number of long-term, complex, high-value contracts with multinational companies, governments or strategic partners. Key risks include; accepting onerous contractual terms; poor mobilisation of contracts; not transitioning effectively from mobilisation to on-going contract management; not delivering contractual requirements; losses exceeding contractual liability limits; inaccurate billing for complex contracts; ineffective contract-change management; and not managing sub-contractors appropriately.

Risk mitigation

We have strict thresholds for the approval of major bids, involving detailed legal review and senior management oversight. For a selection of our most significant contracts, independent reviews of all aspects of contract management and performance are completed with appropriate actions agreed and monitored to completion. We also perform a quarterly financial review of the top 25 and low-margin contracts in each region.

For our large multinational customers, account managers oversee performance of these contracts across relevant countries and have regular updates with customers to ensure we deliver against contractual terms. We develop and maintain strategic partnerships in order to fulfil global customer needs in markets where G4S does not operate directly and maintain regular monitoring and communication processes to manage effective delivery.

Mitigation priorities for 2021

While significant improvements have been made in reducing risks arising from contract take-on, we will strive to enhance the quality of the analysis used in the bidding process and to learn and apply lessons from underperforming contracts. We aim to strengthen the contract control environment by revising our contract control procedures, ensuring the second line of defence adopts a rigorous oversight process, and performing more internal audit reviews of contracts, to ensure the risks in those contracts are appropriately mitigated.

9. Service Delivery (Principal risk)

Risk

The delivery of G4S security services to our customers across the globe relies on our leaders, management, supervisors and staff, our technology infrastructure and the suppliers within our supply chain to continue to deliver high standards of service. We recognise that we provide complex high risk services, but often in low margin markets limiting what is commercially possible. Delivering effective security is the core of our business and the foundation of our reputation.

Notwithstanding the sale of the majority of our conventional cash businesses to Brinks in 2020, we still operate significant cash businesses in various parts of the world. In these contracts, we hold, transport, process and manage large amounts of cash for our customers.

There is a risk that, in delivering complex security services across the globe, isolated incidents may occur where there is a lapse or shortfall in standards of service or occasions where events outside of our control lead to a breakdown in service levels, which may result in failure to meet our own and our customer's expected service levels. There is a risk that we have technology failure or interruptions, which affect our ability to service customers effectively. There is a risk of cash losses, which stem mainly from attacks, but also from reconciliation and/or holding losses, and can include theft, affecting our service delivery.

Risk mitigation

We seek to deploy best practice throughout our operations in providing security solutions. We hire specialist people and deploy innovative technologies to deliver integrated security services to our customers. We seek to mitigate our service delivery risk from the onset of a contract by ensuring the approval of the bid involves detailed review of the risks and the service delivery requirements for the entire contract. For some of our large complex contracts and customers, we have appointed account managers to oversee performance of these contracts across relevant countries and have regular updates with customers to ensure we deliver against contractual terms. We develop and maintain regular monitoring and communication processes to manage effective delivery.

Mitigation priorities for 2021

We intend to continue to improve our technology related initiatives.

Continue investment in our recruitment, screening and vetting processes and employee training and development is intended to ensure the best service standards and highly competent and trained people, with the values, ethics and behaviours expected in servicing global, complex clients. We plan to focus our efforts on improving governance and oversight, strengthening our 3 lines of defence model, especially in areas of operational effectiveness, and compliance with our policies and standards.

10. Information security (Principal risk)

Risk

Information Security remains a focal point for many organisations. Regulations and sanctions relating to the potential failure to secure sensitive and confidential data, which we are entrusted with by customers, staff, suppliers and other stakeholders, drive risk in this area. Like all organisations, we face cyber attacks from a variety of sources which, if successful, could result in business disruption, financial loss, censure and penalties by national governments; loss of confidence in the G4S brand and specific loss of trust by customers, especially those in government and financial sectors. Additionally, we face the risk of disruption to service delivery from system failures, incomplete backup routines, inadequate business continuity and disaster recovery plans.

Risk mitigation

We have continued to invest in our cyber defence programme, which has involved moving to a global cloud platform, upgrading our operating systems and endpoint computing structures, further enhancing the security of our IT systems and infrastructure and how the IT service is managed and delivered. Moving from country-based to a global infrastructure management team has helped us to ensure policies and standards are applied consistently across businesses. We maintain and monitor our use of information security standards and guidance to ensure compliance with General Data Protection Regulation (GDPR) across the UK and Europe.

Mitigation priorities for 2021

During 2021 we expect to continue to mitigate information security risks through the effective operation of our cyber security tools. We plan to continue to monitor and tune our defensive controls, measuring outcomes to ensure that risks to information systems are appropriately managed and mitigated. Our cyber tooling allows us to investigate information security events and to adjust our defensive controls to meet emerging threats. We intend to evaluate existing and new processes and controls to enhance our cyber security posture and implement new controls and technologies where necessary.

11. Offers for G4S plc and post-acquisition integration (Emerging risk)

Risk

G4S was the target of competing offers to acquire the company during the 2020 financial year, which concluded with the acquisition of the Group by Allied Universal in April 2021. There is a risk that as a result of the takeover process, customers could delay or decline contract renewals or bids, or request a change of service providers. Other risks arise from the acquisition process such as flight of talent, failure to successfully integrate the business into the Enlarged Group to realise expected business synergies and benefits, failure of organisation, people and systems integration, execution of potential post acquisition divestments leading to ongoing disruption and instability within the business, with potentially significant impact on business performance, customers and financial performance.

Risk mitigation

Given the protracted time period from the first, unsolicited offer, through the hostile and then competitive bid situation, management and the Board's time and focus was at risk of being diverted away from "business as usual", at a time when the Group faced challenges with the ongoing impact of the Covid-19 pandemic and the completion of the sale of the conventional cash businesses. Throughout the course of the bid process, we have sought to ensure that the majority of the executive management team has remained focused on business execution with only a small number of senior leaders together with the Board focused on responding to the offers for the Company.

We appointed financial, legal, PR and other advisers when the unsolicited offer was first received, in order to advise the Board throughout the bid process and to provide resources to respond to the approaches and to develop bid defence analysis and materials, thereby reducing the demands and distractions for the executive management team. Throughout the offer period we have communicated with key stakeholders regarding the progress of the bids with particular emphasis on our customers and employees to seek to mitigate contract disruption and talent flight risks. Management were able to continue execution of the business strategy with regional and country business unit teams focussing on customers and service delivery.

Mitigation priorities for 2021

Following completion of the acquisition by Allied Universal in April 2021, executive management will continue to focus on customers and service delivery to mitigate the risk of customer contract losses. We will work with Allied Universal to develop and execute integration plans and will seek to minimise business disruption. We have agreed an approach to employee selection and appointment during the integration process to help us to retain the best talent and we have put in place retention awards in respect of certain key employees to mitigate the risk of talent flight.

Section 172 Statement

The Directors of the Company have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of the members as a whole, and in doing so had regard, amongst other things to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining reputation for high standards of business conduct; and
- the need to act fairly as between the members of the Company.

The Board has a responsibility to oversee meaningful engagement with stakeholders, and to conduct constructive relationships in pursuit of the Company's purpose. This Strategic Report summarises the Company's efforts in: operational and financial performance; health & safety and environmental matters; human rights and anti-corruption and anti-bribery matters.

The Board receives regular updates on financial performance, risk, compliance with laws and regulations, customer and supplier engagement, employee engagement, and corporate social responsibility. Where appropriate, papers presented to the Board articulate directors duties under the Companies Act 2006.

The key decisions of the year under review related to the disposal of the majority of the Group's Conventional Cash Businesses and the approaches by GardaWorld and Allied Universal which ultimately led to the Board unanimously recommending the offer by Allied Universal.

The Board, having received briefings on their responsibilities and duties under section 172 of the Companies Act 2006 and other relevant rules from its advisors, took into account the views and interests of a wide range of stakeholders in considering these matters. The Chairman, CEO, CFO and the Company's advisers met with significant shareholders and relayed their views in respect of the transactions to the Board as a whole. Given the nature of the transaction, which led to the acquisition of G4S by Allied Universal on 6 April 2021, all shareholders had the opportunity to choose whether to accept the Allied Universal offer and they did so overwhelmingly, with over 79% acceptances received by 16 March 2021 and over 88% on the Acquisition Date.

The Board considered the likely impact of the transaction on the Company's pension schemes and, in this regard, took into account the assurances obtained by the pension scheme Trustee in relation to the Company's pension arrangements from Allied Universal and referred to in Allied Universal's offer document issued in January 2021.

Throughout the offer period we have communicated with key stakeholders regarding the progress of the bids with particular emphasis on our customers and employees to seek to mitigate contract disruption and talent flight risks. In makings its decision to recommend the Allied Universal offer to shareholders, the Board had particular regard to the agreement reached with Allied Universal regarding its approach to employee selection and appointment during the post-acquisition integration process to seek to ensure that the best talent is retained from the integrating businesses, the establishment of cash retention awards in respect of key employees to mitigate the risk of talent flight and the comfort provided by Allied Universal in its offer document regarding protection of employee terms and conditions.

Signed on behalf of the Board

by

Celine Barroche
Company Secretary
18 April 2021

Corporate governance arrangements

The board is committed to ensuring that corporate governance is an integral part of our organisation and we have taken steps to ensure adherence with the 2018 Corporate Governance Code, (the "2018 Code" or the "Code") as described in this report. As part of our annual corporate governance review, the board considered the principles contained within the 2018 Code, which applied to the company with effect from 1 January 2019. A copy of the 2018 Code is available from frc.org.uk.

During the year under review, the Company complied with the spirit of the principles of the Code, and the main areas not complied with during the year were:

- Provision 21: In light of the expected acquisition of the Group, the Board decided to defer its performance evaluation, since the Company was likely to have limited time to benefit from its findings. An externally facilitated evaluation would have also diverted resources at a time when the Board needed to focus its attention and time on the demands of the defence against the unsolicited offer by GardaWorld and the approach by Allied Universal.

- Provision 25 in respect of the composition of the Risk Committee during the year under review, which consists of a majority of independent non-executive directors as well as the two executive directors, on the basis that the Risk Committee's remit includes the review and approval of the Groups major contracts and other commercial opportunities and the mixture of non-executive directors and executive directors is believed to offer the best mix of skills to support quality decision making.

- Provision 38 in respect of the alignment of executive directors' pension contribution rates with those available to the workforce, which is being phased with the first phase initiated after the Company's AGM in June 2020. Further information is set out in the Directors' Remuneration Report.

Corporate governance arrangements following the acquisition of the G4S Group

Following the acquisition of the G4S Group by Allied Universal on 6 April 2021, and the change in structure of the Board, the main areas of the Code not complied with between the completion date and the date of signature of the annual report and account were;

- Provisions 11, 17, 23, 32 and 33: Responsibility for those matters delegated to the Nomination Committee, CSR Committee and Remuneration Committee have reverted to the board.

Our Governance Framework

The board oversees the Group's governance framework, reviews and approves the strategy, monitors management's performance against agreed targets and ensures appropriate controls are in place and operating effectively. The board undertakes an annual review of the effectiveness of the company's risk management and internal controls system. The board ensures leadership through effective oversight and review. Executive decisions, and development and implementation of strategy are delegated to management.

The board fulfils a number of its responsibilities directly (see the list of matters reserved to the board) and others through its committees.

Board responsibilities

Review and approve the company's strategy
Monitor management's performance against agreed targets
Review its own performance on a yearly basis

Matters reserved to the board

The board is responsible for a number of specific matters in the following areas:

Strategy and management
Structure and capital
Financial reporting and controls
Risk appetite, risk management and internal controls
Material contracts
Major acquisitions and disposals
Communication with shareholders
Board membership and other appointments
Delegation of authority
Corporate governance matters
Tax and treasury policies
Other matters – such as settling material litigation

Board committees

During the year under review, the following board committees were in place:

Nomination Committee – which focus was on reviewing board composition and leading the process for new board and committee appointments.

Corporate Social Responsibility Committee – which remit included reviewing and approving the company's CSR strategy and monitoring compliance with CSR policies throughout the Group.

Risk Committee – which oversaw the company's risk management framework and reviewed its effectiveness, advised the Audit Committee and the board on the Group's overall risk appetite and tolerance, and also reviewed major projects.

Audit Committee - Oversees the financial reporting process and ensures the integrity of the company's financial statements, monitors internal audit, approves external audit scope and fee, reviews and monitors external auditor's independence.

Remuneration Committee – which approved remuneration of the chairman, executive directors, other members of the group executive committee and the company secretary and monitored level and structure of remuneration of senior management of the Group.

Executive Committees

Group Executive Committee - Led by the CEO and tasked with delivery of the Group's strategy and responsibility for day-to-day management of the Group's operations.

Disclosure Panel - Dealt with all matters concerning inside information relating to the company and the fulfilment of its obligations under the Market Abuse Regulation and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules.

Group Ethics Steering Committee - Developed Group strategy and policy on ethical matters, led the Group's anti-bribery and corruption framework refresh and whistleblowing arrangements review.

Following the acquisition of the G4S Group by Allied Universal on 6 April 2021, the Company has remained committed to achieving high standards of governance. The composition of the board was changed and responsibility for those matters delegated to the Nomination Committee, CSR Committee and Remuneration Committee have reverted to the board following four non-executive directors stepping down. The Audit Committee and Risk Committee have been maintained.

As stated in its offer document dated 5 January 2021, following the Acquisition Date, Allied intends to complete a full evaluation of the G4S Group and its strategy, operations and organisational structure, which will consider both the short and long-term objectives of the business as part of the Enlarged Group. The evaluation will focus on all aspects of the Enlarged Group's business and the opportunities available to it, including: (a) a review of the existing and future potential strategy of G4S's businesses, their markets, customers, product offerings, potential liability risks and specific contracts; (b) the attractiveness and growth potential of each geography, and G4S's respective competitive positioning; (c) the strategic fit of each business within Allied Universal's current operations and expertise and environmental, social and corporate governance framework; (d) further assessing the synergies between each of the G4S businesses (or parts thereof) with the rest of the Enlarged Group; and (e) determining how best to position the business to continue to be a leader in the security industry.

As at the date of this report, the Company remains in a period of transition whilst Allied carries out the aforementioned review of the business and key group responsibilities and delegations are being transferred. In due course, it is expected that the Company and the board as constituted then, will adopt a corporate governance structure reflecting the new ownership structure, delegations and operational rules.

The Corporate Governance arrangements in place during the year ended 31 December 2020 are described below.

Board composition, roles and attendance (as at 31 December 2020 or date of retirement)

Chairman	Board	Nomination	CSR	Risk	Audit	Remuneration
John Connolly[2]	25/25	2/2	-	7/7	-	-
Executive Directors						
Chief Executive Officer						
Ashley Almanza[2]	25/25	-	-	7/7	-	-
Group Chief Financial Officer						
Tim Weller[2]	25/25	-	-	7/7	-	-
Non-Executive Director						
Michel van der Bel*[2]	14/14	-	1/1	5/5	-	2/2
Clare Chapman[1]	24/25	-	-	-	-	4/4
Elisabeth Fleuriot[1]	24/25	-	3/3	-	-	4/4
Winnie Fok*[1]	13/15	-	2/3	-	-	3/3
Adine Grate[1]*	13/14	-	-	4/5	4/4	-
Steve Mogford[2] (Senior Independent Director)	24/25	2/2	-	7/7	7/7	-
John Ramsay[2]	24/25	-	3/3	6/7	7/7	-
Paul Spence*[2]	4/5	-	2/2	2/2	1/1	-
Barbara Thoralfsson[1]	24/25	2/2	-	-	1/1	4/4

1. Female sex
2. Male sex

Michel van der Bel joined the board on 7 May 2020.
Winnie Fok retired from the board on 30 September 2020.
Adine Grate joined the board on 3 July 2020.
Paul Spence retired from the board on 31 March 2020.

Board meetings

During the year under review, the board met 25 times (7 scheduled board meetings and 18 additional meetings). In October, the scheduled meeting was extended to include, in addition to normal board business, the review of the Group's strategy by the board and executive committee.

Prior to each board meeting, comprehensive papers are circulated to the board addressing regular agenda items on which the executives report, and details of any matters requiring approval or decisions. After meetings of the board committees, the respective chairs report to the board on the matters considered by each committee. After board meetings, the chairman holds a meeting attended solely by non-executive directors. Through the CSR Committee and the Audit Committee, the board reviews the arrangements in place for raising concerns in confidence and reports arising from them. The board also monitors and assesses the Group's culture through a variety of channels including trends identified from the analysis of matters reported via the whistle blowing arrangements, employee engagement initiatives (including the biennial employee survey, focused group discussions, pulse surveys carried out during the year and other feedback received through other channels), internal audit reports and the external auditor's feedback.

During the year under review, the board and its committees reviewed the Company's governance arrangements and approved changes and adjustments where needed to ensure these continued to support the delivery of the Group's strategy. In particular, the board oversaw the review of the enterprise risk management, the review of the internal audit function and whistleblowing arrangements and approved changes thereto.

During the early part of 2020, much time was devoted to the separation of the of the cash solutions business from the Group, which led to the sale of the majority of the Group's conventional cash businesses in late February. The transaction represented an important milestone in the execution of the Group's corporate strategy, enabling greater focus on the growth of its core integrated security solutions business and the further development of its cash and payment technology business.

A significant amount of time was also devoted by the board to the consideration of the two offers for the Company from GardaWorld and Allied Universal received during the year. In December 2020, having concluded that the combination of Allied Universal and G4S represented an excellent opportunity to create a world-leading integrated security business, a strong international platform and an extensive portfolio of blue-chip clients across the public and private sectors and for shareholders to realise value for their investment, while also ensuring the future success of the Group's employees, customers and other stakeholders, the board recommended unanimously the shareholders accept the Allied Universal offer.

With a large workforce located in around 85 countries and services often delivered by a significant number of our employees embedded directly with our customers, ensuring meaningful two-way engagement with the Group's employees is difficult to achieve by using the methods set out in provision 5 of the Code. Instead, the Group and the board rely on a variety of initiatives and channels, primarily led by the human resources function, the results of which are reported to and discussed by the board and its committees. During the year under review, the board and the CSR Committee received regular updates on the effects of the pandemic on the Group's employees and those in our care. Several surveys, the results of which were reported to the CSR Committee also helped inform specific initiatives to support, among other things, mental wellbeing and raise awareness regarding mental health issues.

Group Executive Committee (as at 31 December 2020)

Ashley Almanza[2] Group CEO	Tim Weller[2] Group CFO	Mel Brooks[2] Regional CEO, Africa	John Kenning[2] Regional CEO, Americas	Graham Levinsohn[2] Regional CEO, UK & Middle East	Jenni Myles*[1] Group HR Director	Soren Lundsberg-Nielsen[2] Group General Counsel	Jesus Rosano[2] Global EVP, Growth, Technology and Innovation	Stephane Verdoy[2] Regional CEO, Europe	Sanjay Verma[2] Regional CEO, Asia Pacific	Debbie Walker[1] Group Corporate Affairs Director

* Jenni Myles[1] left the Group on 8 May 2020 and Catherine Hooper[1] has been Interim Group HR Director since that date.

1. Female sex
2. Male sex

Key roles in our governance framework

Chairman of the board	Chief Executive Officer	Chief Financial Officer
▪ Leads the board, promoting the Group's values, good corporate governance and ensuring board compliance with statutory and regulatory requirements ▪ Ensures the smooth and effective operation of the board to promote the long-term sustainable success of the company ▪ Ensures that directors receive accurate, timely and clear information. Promotes a culture of challenge, debate, openness and support to facilitate constructive board relations and the effective contribution of all non-executive directors ▪ Ensures that the development needs of the directors are identified and addressed and directors continually update their skills, knowledge and familiarity with the company. Maintains regular contact with major shareholders and conveys their views to the board ▪ Ensures the board understands the views of the company's other key stakeholder	▪ Responsible for developing and implementing the Group's strategy and plans ▪ Responsible for the overall management and promotion of the Group ▪ Manages the Group's risk profile in accordance with the risk appetite set by the board ▪ Ensures effective communication between the board and the business and other key stakeholders ▪ Responsible for setting an example to the company's workforce, for communicating to them the expectations in respect of the company's culture and values, and for ensuring that operational policies and practices drive appropriate behaviour	▪ Manages financial risks in accordance with the risk appetite set by the board and implements effective internal financial control processes across the Group ▪ Responsible for financial planning to support the company's strategic objectives ▪ Leads the Group's finance, internal audit, procurement, information technology, tax and treasury functions ▪ Provides regular financial reporting to the board and its committees

Senior Independent Director	Independent non-executive directors (NEDs)	Company Secretary
▪ Acts as a sounding board for the chairman providing support in the delivery of their objectives ▪ Maintains a balanced understanding of the views of major shareholders ▪ Maintains regular and effective communication with other directors ▪ Leads the yearly appraisal of the chairman's performance ▪ Chairs the Nomination Committee when it is considering issues directly affecting the chairman	▪ Provide a range of outside perspectives to the Group and encourage robust debate, constructive challenge, provide strategic guidance and offer specialist advice ▪ Monitor management's performance against agreed targets ▪ Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible ▪ Design and determine appropriate levels of remuneration for the chair, executive directors and the next level of senior management ▪ Key role in appointing and, when necessary, removing executive directors and in board succession planning	▪ Secretary to the board and responsible for advising the board through the chairman on all governance, regulatory and legislative matters ▪ Ensures all directors have access to the advice and services of the company secretariat ▪ Responsible for ensuring compliance with board procedures and processes ▪ Supports the chairman and chief executive officer in preparing and organising induction programmes for NEDs

Independence

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the Company. In accordance with the Company's articles of association, the board has authorised such matters. Should a director become aware that they may have an interest in an existing transaction with G4S, they should notify the board in writing or declare it at the next meeting. The Company has procedures in place for managing such situations. The affected director will not vote on a matter in which they have an interest and the board may impose additional conditions if deemed appropriate. The board reviews such matters on a regular basis.

The board is mindful that the Code requires a clear explanation to be provided where a non-executive director is considered by the board to remain independent beyond nine years.

In relation to Winnie Fok, who joined the board in late 2010, in supporting the re-election of Ms Fok at the 2020 AGM, both the Nomination Committee and the board were satisfied that her experience relating to the Group's Chinese and Asian markets combined with her general business experience and expertise remained valuable to the board in supporting the development of the business in one of its fastest growing markets. Her knowledge and experience of the business also provided helpful continuity at a time of great change for the Group. The board considered Ms Fok to be independent in character and judgment and did not believe the duration of her tenure on the board amounted to a relationship or circumstance which may affect her judgment. She had stood for re-election annually since 2011 and on each occasion had been re-elected by a substantial majority of shareholders. Winnie Fok retired from the Board on 30 September 2020.

Current external commitments

Each of the directors has disclosed to the board their other external appointments. The Nomination Committee and the board has reviewed the external appointments of each director and is of the view that each director is able to dedicate sufficient time to their role and responsibilities.

Diversity

The Group's workforce reflects the wide range of countries, cultures and environments in which the Group operates.

The Group has long recognised that diversity can enhance decision making and performance and therefore it actively promotes diversity within the organization and in early 2019 the board adopted a formal board diversity policy to capture its approach to diversity and set out the principles it follows in considering board appointments, board composition, and succession planning.

The policy includes the introduction of explicit targets which will be measurable on an on-going basis. The targets focus on both gender and ethnicity in line with the recommendations of the Hampton Alexander and Sir John Parker reviews and make express commitments to at least maintaining both 40% female representation and one board member from a Black, Asian or minority ethnic background. In order to deliver on these commitments the Policy confirms that only executive search agencies who are signatories of the Enhanced Code of Conduct with a track record in promoting diverse recruitment will be invited to support future board recruitment assignments. The board diversity policy is available at g4s.com/investors.

In addition to diversity in terms of gender, ethnicity, nationality, skills, personal attributes and experience, most board members also have international experience, which is very important in a global group like G4S, with operations in around 85 countries.

Experience of a variety of industries, a mix of both long-serving and new members, gender diversity and ethnic diversity, as well as five nationalities represented on the board, during the year under review, all greatly enrich debate in the boardroom, and bring fresh perspectives and understanding.

The board also considers diversity as part of its annual review of talent management and succession plans for the board and senior management team.

Risk Management and internal control

The directors acknowledge their responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness each year. The main features of these control systems include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as external reporting. While the Audit Committee has primary responsibility in this regard on the board's behalf, a separate committee of the board, the Risk Committee, was set up in 2013 as part of the Group's heightened focus on improving systems of internal control and risk management.

The board, through the Audit Committee and the Risk Committee, has carried out a robust assessment of the principal and emerging risks facing the company and of how those risks might affect the prospects of the Group.

The principal risks, their possible impact and the mitigating actions taken, are set out on pages 16 to 26. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The enterprise risk management governance model, described on page 18 sets out some of the key features of the Group's risk management process which was in place throughout the year under review.

Following the sale of the majority of the Group's Cash businesses in early 2020, the Risk Committee oversaw the review of the enterprise risk management, which was carried out during the second half of the year and into 2021 and led to an update to Group risk appetite, which was considered and approved by the board. The review also resulted in the adoption of a revised Group Risk Management policy, the implementation of which is expected to be supported by detailed guidance.

As set out on page 17, during 2020, the Group's mandated control standards have been further enhanced to ensure they address our key risks. The results of the control self-assessments in a number of financial and operational areas completed by all businesses, were reviewed by the Risk Committee.

Whilst further improvement has been made in the effective performance of internal controls during the year, given the number of countries in which the Group operates and the variety of systems used, there continues to be an opportunity for improvement in the operational effectiveness of mandated controls and this will continue to be an area of focus during 2021.

The Audit Committee has confirmed that, although it is satisfied that the Group's risk management and internal control processes are appropriate and effective, given the decentralised nature of the Group and the number of internal controls and processes which are manual, the need for continued focus on enhancing the internal control environment remains. The work of the Audit Committee in this respect can be found in the Audit Committee report on page 35. The board has reviewed the Group's risk management and internal control systems for the year to 31 December 2020 by considering reports from the Audit Committee and the Risk Committee and has also taken account of events since 31 December 2020.

Nomination Committee Report

Role and responsibilities

The Nomination Committee's remit covers broadly five areas. These are: board composition, making recommendations to the board on appointments (based on merit and objective criteria, with a view to maintaining a balance of skills and experience on the board and its committees and to promote diversity), succession planning for the board and the Group Executive Committee and the development of a diverse pipeline, board performance evaluation and annual reporting.

The Nomination Committee meets on an ad hoc basis, when the need arises. In 2020, the committee met twice.

Membership

	Member since
John Connolly (Chairman)	June 2012
Steve Mogford	May 2016
Barbara Thoralfsson	July 2016

Committee Work in 2020

Following Paul Spence stepping down from the board on 31 March 2020 and Winnie Fok stepping down from the board on 30 September 2020, the Nomination Committee initiated a recruitment process supported by Russell Reynolds. A candidate specification setting out the requirements for the roles and the preferred attributes of potential candidates was prepared. A strong international operational experience with a good knowledge of disruptive technologies were key considerations as well as corporate culture and fit. This included the ability to make a positive and broad contribution to the board and the need to continue to enhance board diversity.

Shortlisted candidates were interviewed by the chairman, other members of the Nomination Committee, and the CEO.

The process resulted in Michel van der Bel joining the board as non-executive director on 7 May 2020 and Adine Grate joining the board as non-executive director on 3 July 2020, providing greater diversity, experience of the financial services industry and significant experience in the technology industry.

Russell Reynolds has no connection with the Company other than as provider of recruitment consultancy services to the Nomination Committee.

The committee also approved the extension to the terms of office for the chairman of the board, John Connolly, Steve Mogford, Elisabeth Fleuriot and Barbara Thoralfsson. In respect of the chairman, who had served on the board for over six years, the committee had carried out a rigorous review, which had concluded that the chairman remained committed to his role.

Diversity

Diversity is a matter for the board as a whole and is an integral part of succession planning and recruitment for the board and senior management team. The Nomination Committee seeks to engage executive search agencies which are signatories of the Enhanced Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and an approach in line with best practice is adopted. Diversity is also expressly included in the specification provided to search agencies for each vacancy, to ensure candidates are considered on merit against objective criteria, promoting diversity of gender, social and ethnic backgrounds and cognitive and personal strengths.

Consideration is also given to diversity when reviewing board composition and was part of the process for the recruitment of the new non-executive directors in 2020. In doing so, the committee took account of the results of the Hampton-Alexander review into gender diversity on boards of FTSE 350 companies published, as well as the recommendations of the Parker review on ethnic diversity in which they participated.

Committee performance

In prior years, the assessment of the committee's performance was conducted with assistance from external consultancy, Lintstock and for the year ended 31 December 2019, the conclusion was that the committee continued to work effectively, with particular strengths identified in its review of the board's composition and in running the recruitment process for the board.

On 8 December 2020, Allied Universal and G4S plc announced a recommended bid by Atlas UK Bidco Limited for G4S plc and G4S plc entered into a Cooperation Agreement with Allied Universal Topco LLC ("Allied Universal") and on 6 April 2021, G4S became a subsidiary of Allied Universal. As a result, given the announced intention to delist the G4S shares and the requirement for a nomination committee ending after its acquisition by Allied Universal, no external assessment of the committee's performance was conducted in respect of the year ended 31 December 2020.

Audit Committee Report

Role and responsibilities

The committee ensures that there is effective governance of the Group's financial reporting and internal controls to ensure the integrity of its financial statements and the adequacy of related disclosures, and assists the board in relation to its consideration of whether or not the annual report of the Group is fair, balanced and understandable. The committee also has oversight of the performance of both the internal audit function and the external auditor and the review of the external auditor's objectivity and independence.

During the year, the terms of reference of the Audit Committee were reviewed and were considered fit for purpose. These are available at g4s.com/investors. The terms of reference will be reviewed again in 2021.

Membership

	Member since
John Ramsay (Chairman)	January 2018
Adine Grate (joined 3 July 2020)	July 2020
Steve Mogford	May 2016
Paul Spence (retired on 31 March 2020)	January 2013 to March 2020
Barbara Thoralfsson (joined 24 March 2020, stepped down 15 October 2020)	March 2020 to October 2020

John Ramsay, chair of the Audit Committee, is the member with recent relevant financial experience. The board is satisfied that Mr. Ramsay as well as the other members, taken together, bring significant and relevant experience gained at senior management level and that the committee's composition during the year met the requirements of both the Code and DTR7.1.

Meetings

The committee has an annual agenda, which includes standing items that the committee considers regularly, as well as specific matters that require the committee's attention. At the end of each meeting, a private session is held by the Audit Committee with representatives of the Group's external auditor or with the Group director of audit, risk and compliance, without members of the executive management team being present. After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

The chief executive officer and chairman of the board also attend meetings when invited by the chairman. Regular attendees include the chief financial officer, the Group financial controller, the Group director audit, risk and compliance, and representatives of the Group's external auditor.

The committee, which continued to oversee the quality and integrity of the Group's financial reporting, financial control and compliance processes, met seven times during the year ended 31 December 2020 and four times in 2021 prior to the approval of the Annual Report and Accounts.

Committee performance

In prior years, the assessment of the committee's performance was conducted with assistance from external consultancy, Lintstock and for the year ended 31 December 2019, the conclusion was that the committee continued to work effectively, with particular strengths identified in its review and assessment of the work of the external and internal auditors and oversight of whistleblowing and other similar arrangements.

On 8 December 2020, Allied Universal and G4S plc announced a recommended bid by Atlas UK Bidco Limited for G4S plc and G4S plc entered into a Cooperation Agreement with Allied Universal Topco LLC ("Allied Universal") and on 6 April 2021, G4S became a subsidiary of Allied Universal. As a result, given G4S's announced intention to delist its shares and the limited requirement for an audit committee after its acquisition by Allied Universal, no external assessment of the committee's performance was conducted in respect of the year ended 31 December 2020.

Significant judgments and issues considered by the Audit Committee

The primary judgments and issues considered by the committee in respect of the 2020 financial statements, and how these were addressed, were:

Area of focus	Actions taken/conclusion
Onerous contract provisions	
Certain long-term outsourcing contracts that are complex in nature may evolve to become loss making and require the Group to determine an appropriate onerous contract provision. The identification and measurement of such provisions require significant judgment, given the extended time periods often involved and the number of variables that may impact on future losses. Details of the outcome of the assessment of contract provisions are set out in the Strategic Report.	The committee discussed the process for the identification and assessment of onerous contracts, reviewed the critical assumptions made by management and enquired about the robustness of the assumptions, the appropriateness of any changes in the level of provisions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgments. The Audit Committee was satisfied that the level of provisions and the related disclosures as at 31 December 2020 were appropriate.
Compliance with foreign ownership restrictions and consolidation of undertakings	
In markets where foreign ownership restrictions (FORs) apply, the Group seeks to ensure that it complies with foreign ownership laws and regulations and relevant accounting standards (IFRS10). When restrictions apply to direct share ownership, the Group typically seeks to exercise influence or control through arrangements, including shareholder agreements. Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control were to be undermined by changes or different interpretations to FORs.	The committee received reports in relation to FORs in a number of countries, which provided an update on relevant changes in laws and regulations, their potential impact on the Group, and, where relevant, reviewed mitigation plans. During the year, the committee also reviewed the impact of changes in certain shareholder agreements and the accounting implications of these. The committee was satisfied with the Group's processes and approach to foreign ownership and consolidation of undertakings.
Alternative performance measures	
The Group uses Adjusted PBITA and other alternative performance measures (APMs) for the purposes of consistent internal and external reporting, given that management views these measures as being more representative of the normal course of business and more comparable year on year. Details of all of these APMs and reconciliation to the closest equivalent GAAP measure are set out in the Strategic Report. In addition, the Group separately discloses a number of items including strategic restructuring costs, amortisation of acquisition-related intangible assets, goodwill impairments, costs associated with the cash separation, bid defence and specific and other items which the Group believes should be disclosed separately by virtue of their size, nature or incidence. Judgment is required when defining those items to be disclosed separately and when applying the classification criteria to each period's results.	The committee reviewed guidance issued by the Financial Reporting Council (FRC) and the European Securities and Markets Authority (ESMA) in relation to APMs and assessed whether the Group's accounting policies were being applied consistently from year to year, whether specific items were being identified in line with group policies and that these items included both debits and credits as appropriate. The committee also reviewed information from management to satisfy itself that changes in estimates related to items that were classified as specific items were treated consistently as specific items, for both increases and decreases. The committee was satisfied that the Group's definition of APMs had been applied correctly and that the designation of specific items was subject to objective and balanced criteria.
Goodwill impairment testing	
The total value of the Group's goodwill as at 31 December 2020 was £1.3bn. The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that an impairment may have occurred. The impairment analysis consists of the estimation of the recoverable amount of the Group's cash generating units to determine whether they are able to support their goodwill balances. This analysis requires significant judgment, primarily in relation to the achievability of long-term business plans and the macroeconomic and related modelling assumptions underlying the valuation process. The result of the annual review of the carrying goodwill identified impairment charges of £58m to goodwill as being required as well as identifying a number of cash generating units for which the goodwill impairment test was sensitive to a reasonably possible change in a key assumption (see note 16).	The committee reviewed the approach taken to identify the cash generating units that were impaired or sensitive to changes in key assumptions. For those identified, the committee reviewed the assumptions used in relation to long-term growth, discount rates and forecast cash flows, as well as considering alternative valuation bases such as disposal values less costs to sell. The committee also considered the adequacy of the disclosures provided, particularly in respect of cash generating units where changes in key assumptions could give rise to an impairment. The committee concluded that the carrying value of goodwill was supportable and that related disclosures were appropriate as at 31 December 2020.

Taxation	
The Group is subject to numerous reviews by individual tax authorities in the ordinary course of business and judgments and estimates are required to determine the appropriate level of tax provisions and disclosure around contingent tax liabilities at each period end. The Group recognises deferred tax assets in respect of temporary timing differences, mainly in relation to pension arrangements, fixed assets and carried forward losses. At 31 December 2020, total deferred tax assets were £232m. Recognising such assets requires an assessment of their likely recovery through utilisation, which includes an assessment of the taxable profits expected to be made in each of the relevant jurisdictions in the future.	The committee reviewed the Group's tax strategy, including the tax report and tax risk management processes, and the board approved the tax policy. The committee also reviewed information prepared by management in relation to existing or potential tax exposures, the adequacy of the provisions recorded and their treatment and disclosure in the financial statements. The committee reviewed information prepared by management supporting the recoverability of deferred tax assets and considered the period of time under which these assets would be recovered. The committee was satisfied with the Group's approach to tax, with the assessment of recoverability of deferred tax assets and with the accounting treatment and disclosure in respect of tax exposures.
Laws and regulations	
The Group operates in many jurisdictions globally, with complex and diverse regulatory frameworks. As a result, the Group faces many associated risks, such as litigation including class actions; bribery and corruption; obtaining and retaining operating licences; complying with local tax regulations; changes to and application of employment and employee remuneration legislation; complying with human rights legislation; and new or changed restrictions on foreign ownership. Furthermore, the Group may face new or changing regulations which may require modification of its processes and staff training. Not being compliant with applicable laws and regulations can have far-reaching consequences, including higher costs from claims and litigation; inability to operate in certain jurisdictions; loss of management control; and damage to the Group's reputation.	During the year the committee received regular updates on significant areas of exposure to claims and areas where labour laws and regulations are complex and there is therefore an inherent risk to the judgment made as to whether the Group was compliant with those laws and regulations. The committee also received an update from legal counsel on the DPA and BCA legal claims mentioned above, other legal claims, on-going legal matters and disputes and expectations based on existing information in relation to the prospects of these claims. The committee was satisfied that the provisions booked at 31 December 2020 were appropriate. The committee was satisfied that the enhanced disclosure around the judgments made in relation to contingent liabilities was clear and appropriate.
Risk of accounting errors and management override of internal controls	
The Group operates through a network of legal entities spread across numerous countries, resulting in the Group having a significant number of local financial systems and processes. This leads to an inherently diverse set of processes and controls that rely on local capabilities for implementation and maintenance of control. The Group operates a number of internal controls and enhanced Group oversight to mitigate these risks including monthly reviews of the quality of earnings, a comprehensive internal audit plan and a regular cycle of reviews of local business unit or country balance sheets and controls.	The committee received regular updates on the overall control environment of the Group, including results of internal audits, training and up-skilling of capabilities across the Group, as well as regular reports from the external auditor and the Group's whistleblowing process. The committee acknowledged the progress made in relation to the strengthening of controls and the plans in place to reduce the number of systems and reliance on manual controls across the Group, but noted that, although good progress has been made to date, significant work remains to be done.

Note: As discussed below, the Audit Committee also considered whether it was appropriate to prepare the accounts on a going concern basis

External Audit

External Auditor

Following an audit tender process carried out during 2014, PricewaterhouseCoopers LLP (PwC) was appointed as the Group's external auditor for the 2015 financial year and was subsequently reappointed at the following AGMs, lastly in 2020, when PwC was reappointed to hold office until the 2021 AGM. Jason Burkitt was appointed to lead the G4S external audit from financial year 2020.

During the year, the committee reviewed PwC's group audit plan including the scope to be undertaken as well as their reports on external audit findings, with particular focus on the significant judgments and issues set out above. The committee had private sessions with the external auditor both during the year and at the end of a number of Audit Committee meetings, and approved the fee for the external audit. The committee also considered and approved the representation letter to be issued to the auditor.

Effectiveness of the external audit process and independence & objectivity of the external auditor

The committee reviewed the quality of the external audit throughout the year and considered the performance of PwC, taking into account the committee's own assessment and feedback from senior finance personnel. Based on these reviews, the committee concluded that there had been appropriate focus and challenge by PwC on the primary areas of the audit and that PwC had applied robust challenge and scepticism throughout the audit.

In assessing the external auditors' independence and objectivity, the committee considered the safeguards in place. PwC shared the PwC UK's 2020 Transparency Report published in October 2020 with the company and the chair of the Audit Committee. The auditor, PwC, has written to the Audit Committee confirming that, in its opinion, it was independent and objective for the period through to 18 April 2021. The assessment of the external audit for 2020 and the external auditor concluded that the external audit processes remained effective and that the external auditor is objective and independent.

The committee confirms that the Company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order). The Company is mindful of the requirement of Article 4.1 of the Order, however, following the completion of the delisting process the Company will no longer be subject to the Order.

Non-Audit Services

To ensure that the independence of the external audit is not compromised, the committee has a policy in place covering the non-audit services that can be provided by the external auditor, the relevant approval process for certain services, and detailing those services which the auditor is prohibited from providing. In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work, or result in the performance of management functions. Examples of non-permitted services are actuarial services, book-keeping services, internal audit services and legal services.

The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits, above which further approval is required. All other services require prior approval by the committee. As part of its yearly cycle of work, the Audit Committee also reviewed the terms of the policy on non-audit services provided by the external auditor. No change was proposed.

Details of the fees paid for audit services, audit-related services and non-audit services can be found in note 8 to the consolidated financial statements. The non-audit service fees of £2m paid to PwC during the year related to assurance services including the half-year review and the separation of the Cash Solutions businesses prior to their sale to Brink's.

Going concern and viability statement

At its April 2021 meeting, the committee reviewed the going concern and viability statement set out on pages 54 to 55 of the directors' report and the supporting information prepared by the executive management of G4S and Allied and their advisers. The committee considered the underlying assumptions, analysis and assurance work carried out and considered the appropriateness of the timeframe of the viability assessment. In light of the acquisition of the Group, the committee was satisfied that the timeframe for the viability analyses was appropriate and that the going concern and viability analyses should be combined. The committee recommended to the board that it should consider the information provided in support of the going concern and viability statement and that the board should consider approval of the statement after receiving a report on the work carried out by the Audit Committee.

Regulators and our financial report

There has been no correspondence from regulators, including the FRC's Corporate Reporting Review Team ('CRRT'), commenting on our financial reporting in respect of the Group's Integrated Report and Accounts 2019 or reporting during 2020.

Deferred prosecution agreement

In July 2020, G4S Care & Justice Services Limited ("C&J") entered into a Deferred Prosecution Agreement ("DPA") with the UK's Serious Fraud Office ("SFO") in respect of the Group's legacy electronic monitoring contracts. In September 2020, C&J appointed KPMG as the independent third party reviewer required under the DPA to undertake an assessment of C&J's controls, policies and procedures to identify requirements and recommendations as to steps C&J should take in order to comply with the terms of the DPA in respect of those controls, policies and procedures.

At its meeting on 21 December 2020, the committee received a report from KPMG in respect of its findings and the proposed requirements and recommendations prior to submission of KPMG's report to the SFO. In January 2021, the committee discussed the findings, proposed requirements and recommendations, and managements plan to address these. In March 2021, the committee reviewed the implementation plan and resource proposals developed by C&J in response to KPMG's report prior to board approval of the implementation plan and its submission to the SFO.

Internal control

The directors acknowledge their responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness each year, the main features of which include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for internal management reporting, budgeting and planning as well as for external reporting.

The system is designed to ensure the integrity of financial reporting and the committee's responsibility is to ensure that these internal controls remain effective through receiving reports from management, the internal audit function and the external auditor. The committee received updates on initiatives being implemented by the Group to continue its progress in strengthening internal controls and reviewed progress made and the Group Internal Audit followed a targeted audit plan for those areas where control issues had been identified during the year.

Further details on internal controls are set out in the principal risks and uncertainties section of the Strategic Report. The Risk Committee reported to the Audit Committee on its work on the Group's risk management framework and the Audit Committee confirmed to the board that it is satisfied that progress continues to be made in improving the Group's risk management and internal control processes and procedures and that these are appropriate and effective. However, strengthening of the internal control environment remains a key area of focus for the Group.

Internal audit

During 2020, the internal audit function continued to provide support and guidance to business units to improve awareness of and compliance with Group Financial Controls. In addition, following the disposal of the conventional cash business to Brink's during 2020, the internal audit function also focused on providing assurance over foundational controls by continued risk based country or business units checks, the effective embedding of group values and effectiveness of the Group's standards and controls and ensuring that the internal audit programme remained effective given the changing share of the Group as it completed the disposal.

The internal audit function continued to use a risk-based approach with aim of focusing local management on the most material control issues specific to their local environment. The group finance function and regional audit committees also provided support to assist in driving improvements where appropriate. Each year, the committee reviews and approves the internal audit plan and receives reports from internal audit which are reviewed at each meeting. The committee also monitors senior management's responsiveness to issues raised in the reports.

In late 2019, the committee engaged the Institute of Internal Audit (IIA) to conduct an external quality assessment of the internal audit function including an assessment of the quality of skills available across the team, coverage given the function's remit, value provided to the business, and the independence of the team, with the findings, recommendations and proposed action plan in response to the assessment reported to the Audit Committee and the board in 2020.

John Ramsay, Audit Committee Chairman
18 April 2021

Introduction

As mentioned elsewhere in this Annual Report, control of G4S was acquired by Allied Universal on 6 April 2021 and G4S is in the process of being delisted from the London Stock Exchange with delisting expected to complete around 6 May 2021. It had a secondary listing on Nasdaq exchange until 16 April 2021. Following the offer for G4S by Allied Universal being declared wholly unconditional the retirements from the board of Clare Chapman (Remuneration Committee Chair) and of Michel van der Bel, Elisabeth Fleuriot and Barbara Thoralfsson (each of whom were non-executive directors and Remuneration Committee members) took effect and the Remuneration Committee was dissolved.

This report contains details of the remuneration paid and awarded to Directors during the financial year ended 31 December 2020. This report has been prepared in accordance with the provisions of the Companies Act 2006.

During the year under review, the Remuneration Committee sought to ensure that the remuneration framework for the Group's Executive Directors and senior management population aligned with the Group's key strategic goals and that remuneration outcomes reflected its overall performance and were consistent with shareholders' experience.

Roles and Responsibilities

The Remuneration Committee was responsible for determining the approach to and all elements of remuneration including incentive schemes for the executive directors, other members of the Group Executive Committee, the company secretary and the chairman of the board. It also agreed, with the board, the framework and policy for the remuneration of other senior managers of the Group.

When determining incentive plan outcomes, the committee may adjust the formulaic outcome taking into account wider company and individual performance. No individual determines their own remuneration.

As G4S is one of the UK's largest employers the Remuneration Committee recognises the importance of keeping a focus on pay for performance. Considering workforce remuneration and related policies when determining remuneration arrangements for senior management, as well as having a clear understanding of the approach to pay and related policies throughout the business is also key.

Remuneration Outcomes for 2020

In light of the global crisis caused by the Covid-19 pandemic, a number of measures regarding remuneration were recommended by the Executive Directors and approved by the committee. These included the suspension of the 2020 pay increases for Executive Directors and senior management with effect from 1 April 2020, suspension of participation in the annual bonus plan as well as the reduction of the number of shares under the 2020 LTIP awards by 25%.

While the Group has delivered resilient underlying financial performance and a strong commercial performance during the pandemic, it was agreed that, in view of the wider impact of the pandemic across the communities in which G4S operates, no bonus would be payable to the Executive Directors in respect of 2020.

Vesting under the 2018 Long Term Incentive Plan (LTIP) was 23% of maximum, reflecting operating cash flow performance over the last three years. There was no vesting in respect of EPS or TSR measures.

Statement of consideration of employment conditions elsewhere in the Group

The structure of the executive directors' pay policy is generally in line with the policy for remuneration of the senior management within the Group, although the levels of award will be different.

The performance measures that apply in the variable elements of remuneration will reflect relevant areas of responsibilities. There may be one-off awards for retaining scarce and critical individuals below board level. Remuneration of employees globally will depend on local regulation and practice, taking any collective bargaining agreements into account, where they exist.

Elements of remuneration		Availability
Fixed pay	Pay	Available to all employees worldwide
	Pensions	Available to most employees in developed markets
Variable	Annual bonus	Available to all senior managers worldwide
	Long term incentive plan	Available to some senior managers worldwide
Benefits	Car or car allowance	Available to all senior managers worldwide
	Life/Income protection insurance	Available to most employees in developed markets
	Private Healthcare	Available to all senior managers in markets where it is commonly provided

Across the Group the company seeks to pay competitively, taking into account external benchmarking and internal moderation at each level to ensure that remuneration is in line with market practice.

At G4S, the committee does not normally consult directly with employees as part of the process of determining the remuneration policy and pay decisions for executive directors and has not therefore done so in setting this remuneration policy. However, employee surveys are carried out biennially which help identify employees' views of their own pay and benefits, as well as those of colleagues in general. Furthermore, the committee's remit covers an annual review of workforce remuneration and related policies to provide context for executive pay decisions.

Allied Universal transaction

During the year under review, the Remuneration Committee considered the impact of the transaction for remuneration purposes. The committee considered the impact on the company's share plans in flight at the time of the transaction completing. In accordance with the LTIP rules, awards vested on the change of control event occurring. As agreed with Allied Universal, the performance period was not abridged. Since the awards vested earlier than planned, the committee was required to apply its judgment when determining the extent of the performance achieved. The committee considered performance to the date of the change of control, taking into account the resilient performance in 2020, with strong cash flow performance, the nature of the transaction, the price achieved for shareholders and the resultant total shareholder return. As a result, the committee determined that vesting under the 2019 and 2020 LTIPs should be 70% and 93% respectively.

Committee Membership during 2020	**Member since**
Clare Chapman (chair)	September 2019
Michel van de Bel	May 2020
Elisabeth Fleuriot	June 2018
Winnie Fok (retired on 30 September 2020)	January 2013
Barbara Thoralfsson	July 2016

Looking forward to 2021

Remuneration arrangements for G4S' senior executives post acquisition will continue to be subject to the shareholder-approved remuneration policy during such period as G4S remains listed on the London Stock Exchange or the Danish Stock Exchange.

The Directors' Remuneration Report was approved by the board of directors on 18 April 2021 and signed on its behalf by John Connolly, Chairman of the Board of Directors.

John Connolly, Chairman of the Board of Directors
18 April 2021

Single total figure of remuneration (audited information)

Executive directors

		Base Pay	Benefits	Annual Bonus	LTIP	Pension Related Benefits	Total	Total Fixed Remuneration	Total Variable Remuneration
		£	£	£	£	£	£	£	£
Ashley Almanza	2020	962,864	73,246	-	557,664	216,212	1,809,986	1,252,322	557,664
	2019	958,550	131,155	-	147,702	239,638	1,477,045	1,329,343	147,702
Tim Weller	2020	659,580	31,374	-	305,608	115,500	1,112,062	806,454	305,608
	2019	656,625	32,270	-	80,943	131,325	901,163	820,220	80,943

Notes:

The base pay column includes the previously agreed 1.8% salary increase in respect of the first three months of 2020, prior to the executive directors waiving that increase from 1 April 2020 in light of the global crisis caused by the Covid-19 pandemic.

Benefits include car allowance, business-related travel, healthcare, disability and life assurance. Benefit values include the cost of certain travel, overnight accommodation, meals and memberships which HMRC treats as a taxable benefit and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense. The grossed-up amounts for 2020 are £39,496 (2019: £59,678) for Ashley Almanza. Benefit values also include local travel costs of £6,048 (2019: £19,656) for Ashley Almanza who bears the tax himself, and contain other business costs which HMRC deems to be benefits.

There were no bonuses paid to Messrs Almanza and Weller for 2020 and 2019. Further information regarding the 2020 bonus is set out on pages 43 and 44.

Mr Almanza did not hold any non-executive appointment during the year under review. Mr Weller received and retained £17,000 from the Carbon Trust for his non-executive directorship during the year under review (2019: £17,000).

Values for the 2019 LTIP relate to the 2017 award which vested on 16 March 2020. The share price on vesting was 97.44p per share. The amount shown in relation to the vesting of the 2017 LTIP does not include any element of share price appreciation as the share price at vesting was lower than the price used to determine the number of shares under the awards. No discretion has been exercised to vary the outcome in relation to the 2017 award performance.

Values for the 2020 LTIP relate to the 2018 award, which vested on 15 March 2021 and are calculated using the share price on the date of vesting of 242.7p per share. On 15 March 2021, Mr Almanza received 229,775 shares vesting under the 2018 award, of which he retained 121,780 shares after selling 107,995 shares to satisfy tax and NI liabilities arising out of such vesting. On the same date, Tim Weller received 125,920 shares vesting under the 2018 award, of which he retained 66,737 after selling 59,183 shares to satisfy tax and NI liabilities arising out of such vesting. The amounts shown in relation to the vesting of the 2018 award do not include an element of share price appreciation as the share price at vesting is lower than the price of 258.99p used to determine the number of shares under the awards. No discretion has been exercised to vary the vesting outcome in relation to the 2018 award performance.

The pension related benefits shown for both Mr Almanza and Mr Weller reflect the 5% of base pay reduction in their cash allowance from the date of the Company's 2020 AGM.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2020 financial year for each non-executive director, together with the comparative figures for 2019. Aggregate non-executive directors' emoluments are shown in the last column of the table.

	Base fee		SID		Chair of Committee		Benefits		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£	£	£	£	£
John Connolly	382,500	382,500	-	-	-	-	1,027	7,683	383,527	390,183
Michel van der Bel	41,194	-	-	-	-	-	-	-	41,194	-
Clare Chapman	63,500	17,340	-	-	18,500	5,052	550	3,061	82,550	25,453
Elisabeth Fleuriot	63,500	63,500	-	-	18,500	18,500	12,206	11,611	94,206	93,611
Winnie Fok	47,625	63,500	-	-	-	-	13,016	10,266	60,641	73,766
Adine Grate	31,262	-	-	-	-	-	-	-	31,262	-
Steve Mogford	63,500	63,500	15,000	15,000	12,689	-	1,255	1,018	92,444	79,518
John Ramsay	63,500	63,500	-	-	20,000	20,000	1,488	4,342	84,988	87,842
Paul Spence	15,875	63,500	-	-	4,625	18,500	5,008	6,763	25,508	88,763
Barbara Thoralfsson	63,500	63,500	-	-	-	-	18,694	7,995	82,194	71,495

Notes:

The above fees were pro-rated where the appointments or retirements were part way through the year.

Benefit values include the cost of overnight accommodation, travel and meals, which HMRC treats as taxable benefits and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense.

For Michel van der Bel, figures cover the period from the date of his appointment as a non-executive director on 7 May 2020.

For Adine Grate, figures cover the period from the date of her appointment as a non-executive director on 3 July 2020.

For Winnie Fok, figures cover the period up to the date that she retired from the board on 30 September 2020.

For Steve Mogford, figures cover the period from 24 April 2020, when he took over the role of Chair of the Risk Committee.

For Paul Spence, figures cover the period up to the date that he retired from the board on 31 March 2020.

For Clare Chapman, 2019 figures cover the period from the date of her appointment as a non-executive director and chair of the Remuneration Committee on 23 September 2019.

Benefits figures for Winnie Fok, Barbara Thoralfsson and Elisabeth Fleuriot include professional fees in relation to tax and social security compliance.

2020 Annual bonus (Audited Information)

In 2020, the maximum annual bonus opportunity for both executive directors was 150%. The Remuneration Committee set demanding performance targets at the start of the year. At the onset of the pandemic, management had voluntarily recommended to the Remuneration Committee that their participation in the Company's annual bonus plan be suspended until the effects of Covid-19 abated. While the Group delivered a resilient financial performance and the executive directors also met strategic objectives, which included ESG objectives, in light of the ongoing impact on all stakeholders of the pandemic, it was determined that no bonus would be payable to the executive directors in respect of 2020.

Details of the measures and targets applying to the financial year ended 31 December 2020 are set out below:

2020 annual bonus – Performance conditions and outcomes

Financial performance	Weighting (%of maximum bonus)	Threshold (30% of element)	Target (60% of element)	To achieve full vesting (100% of element)	Achievement	Score achieved
Revenue	20%	£6,813m	£6,861m	£6,964m	£6,747m	Nil
Group Earnings	45%	n/a	£207m	£232m	£221m	36.8
Group OCF	20%	£556m	£611m	£630m	£707m	20.0
Strategic Objectives	15%	n/a	n/a	n/a	n/a	n/a
Total	100%	n/a	n/a	n/a	n/a	n/a

Strategic objectives

15% of the maximum bonus opportunity was subject to the achievement of strategic objectives, including ESG objectives. Details of these objectives, together with weighting for each and targets, which were discussed with the Remuneration Committee at the beginning of 2020 are set out in the table below:

ESG metric	CEO Weighting	CFO Weighting	Target
Environment	10%	10%	Reduction in GHG emissions
Health & Safety	20%	20%	Reduction in the number of work related fatalities
Governance	30%	20%	Completion of strategic project
Governance	20%	50%	Implementation of sustainable organisation and process design
Human Rights	20%	N/A	Completion of migrant worker practice audits

In light of the global crisis caused by the Covid-19 pandemic, the executive directors suspended their participation in the 2020 annual bonus plan. No bonus was paid to the executive directors in respect of 2020.

Long term incentive plan (LTIP) (Audited Information)

The 2020 values shown in the single-figure table relate to the LTIP awards made in March 2018. The performance measures and targets of these awards are set out below:

Performance measure	Weighting	Threshold vesting (25% of max)[1]	Maximum vesting (100% of max)[1]	Actual Performance	Percentage of award vesting
Average annual growth in EPS period ending on 31 December in the third year[2]	40%	5% pa (15% over 3 years)	Greater than + 12% pa (36% over 3 years)	Below threshold	0%
Ranking against the bespoke comparator group[3] by reference to TSR	30%	Median	Upper quartile	Below median	0%
Average operating cash flow[4]	30%	105%	125%	119%	77%
Total vesting outcome					23%

1 Straight-line vesting between threshold and maximum with no payout below threshold.

2 EPS: The Company calculates whether the EPS performance target has been achieved by reference to the Group's audited accounts, which provide an accessible and objective measure of the Group's earnings per share.

3 The bespoke comparator group consists of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector, and include competitor companies, which are outside that index.

4 Operating Cash Flow: the average OCF performance target is calculated by reference to the relevant definition set out in the LTIP rules approved by shareholders.

2018 Award	Number of shares awarded	% of salary for shares awarded	Number of dividend shares accrued	Total number of shares accrued	Vesting Outcome (% of max)	Total Number of shares vesting	Total for Single Figure
Ashley Almanza	925,277	250%	73,749	999,026	23%	229,775	£557,664
Tim Weller	507,065	200%	40,416	547,481	23%	125,920	£305,608

The figures provided are calculated using the closing share price on the day of vesting of 242.7p per share.

Total pension entitlements (audited information)

Neither of the executive directors have any prospective entitlement to a group defined benefit pension nor is either a member of the Group's pension plan, which is a defined contribution group personal pension plan available to all UK employees.

For 2020, the CEO and CFO pension-related cash allowances were reduced by 5%, to 20% and 15% of base pay, respectively, for the period from the Company's AGM 2020.

Scheme interests awarded during the financial year (audited information)

Awards under the LTIP approved by the shareholders at the company's AGM in June 2014 were made in April 2020 consistent with the company's normal grant policy. Details of the awards made to the executive directors are summarised in the table below and further details are given in the table on directors' shareholdings and interests:

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS,TSR and FCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	1,926,875	£1,829,633	40% EPS/30% TSR/30% FCF	01/01/2020 – 31/12/2023	25%
Tim Weller	Conditional shares	1,055,956	£1,002,666	40% EPS/30% TSR/30% FCF	01/01/2020 – 31/12/2023	25%

Notes:

1. The face-value calculation for all awards granted in March 2020 was based on a share price of £0.9495, based on the average closing share price during the three business days following the announcement of the company's 2019 financial results.

2. The Remuneration Committee exercised its discretion to reduce grants awarded on 3 April 2020 under the 2020 LTIP by 25% in order to eliminate the potential for windfall gains. Therefore this resulted in a reduction of the level of award from 250% of base pay to 187.5% for the CEO, and 200% of base pay to 150% for the CFO, as reflected in the above table.

Performance measures for long-term incentives awarded in 2020

Performance measure	Weighting	Threshold vesting (25% of max)[1]	Maximum vesting (100% of max)[1]
Average annual growth in EPS period ending on 31 December in the third year	30%	5% pa (15% over 3 years)	Greater than + 12% pa (36% over 3 years)
Ranking against the bespoke comparator group[2] by reference to TSR	50%	Median	Upper quartile
Net free cash flow before the impact of acquisitions and disposals available to reduce net debt or for payment of dividends to equity shareholders	20%	£300m	£500m

1. Straight-line vesting between threshold and maximum with no payout below threshold.
2. The bespoke comparator group consists of the constituent companies of the FTSE 100 index excluding financial institutions and companies in the extractive sector, and including competitor companies which are outside that index.

Statement of directors' shareholdings and share interest (audited information)

Shares in the table below are valued at the year-end price, which was 253.80p per share at 31 December 2020:

	Shares owned outright as at 31/12/2020	Shares owned outright as at 31/12/2019	Share ownership requirement (% of salary)	Shareholding requirement achieved at 31/12/20	Guideline met?	Number of Deferred shares held at 31/12/2020	Total shares under LTIP awards subject to performance at 31/12/20
Ashley Almanza	2,151,882	1,840,117	250%	567.2%	Yes	160,373	4,084,326
Tim Weller	522,337	393,310	200%	201.0%	Yes	72,574	2,238,271

Notes:

Includes any shares owned by persons closely associated with the directors.

Deferred share awards and LTIP awards do not include the further shares with a value equivalent to the dividends which are paid in respect of shares received. The number of shares is gross and will be subject to tax when they are released.

In accordance with the directors' remuneration policy, any bonus due above 50% of Messrs Almanza and Weller's maximum bonus entitlement is awarded in deferred shares, which although not subject to further performance conditions are subject to employment conditions and vest after a period of three years.

The number of deferred shares held as at 31 December 2020 column consists of, in the case of Mr Almanza, 160,373 shares relating to the portion of his 2017 annual bonus deferred into shares. On 15 March 2021, Mr Almanza received the aforementioned 160,373 shares as well as 14,203 additional shares to account for dividend entitlement during the period of deferral. After selling sufficient shares to pay the withholding taxes. Mr Almanza retained 92,525 shares. In the case of Mr Weller, the number of deferred shares held as at 31 December 2020 column consists of 72,574 shares relating to the portion of his 2017 annual bonus which was deferred into shares. On 15 March 2021, Mr Weller received the aforementioned 72,574 shares as well as 6,427 additional shares to account for dividend entitlement during the period of deferral. After selling sufficient shares to pay the withholding taxes, Mr Weller retained 41,870 shares.

In relation to Mr Almanza, the total unvested shares under LTIP awards subject to performance column consists of an award of 925,277 conditional shares granted under the 2018 LTIP, an award of 1,232,174 conditional shares granted under the 2019 LTIP and an award of 1,926,875 conditional shares under the 2020 LTIP. On 15 March 2021, Mr Almanza received 229,775 shares, which included 16,962 shares to account for dividend entitlement. After selling sufficient shares to pay withholding taxes, he retained 121,780 shares.

In relation to Mr Weller, the total unvested shares under LTIP awards subject to performance column consists of an award of 507,065 conditional shares under the 2018 LTIP, an award of 675,250 conditional shares granted under the 2019 LTIP and an award of 1,055,956 conditional shares under the 2020 LTIP. In relation to the 2018 LTIP, on 15 March 2021, Mr Weller received 125,920 shares, which included 9,296 additional shares to account for dividend entitlement. After selling sufficient shares to pay the withholding taxes, he retained 66,737 shares.

On 6 April 2021 the offer for G4S by Allied Universal was declared wholly unconditional and all of the shares held by the executive directors, as set out in the table above, were tendered into the offer.

The shareholdings for non-executive directors are shown below.

	As at 31 December 2020*	As at 31 December 2019
John Connolly	611,642	336,642
Michel van der Bel	-	-
Clare Chapman	-	-
Elisabeth Fleuriot	-	-
Winnie Fok (retired 30 September 2020)*	30,000	30,000
Adine Grate	-	-
Steve Mogford	10,000	10,000
John Ramsay	38,000	38,000
Paul Spence (retired 31 March 2020)*	30,000	30,000
Barbara Thoralfsson	-	-

Includes any shares owned by persons closely associated with the directors.

* In respect of Ms Fok and Mr Spence's shareholding in the 31 December 2020 column, the number of shares stated is as at their respective date of retirement from the board.

There are no requirements for the non-executive directors to hold shares nor for any former non-executive directors to hold shares once they have left the company.

On 6 April 2021, upon the offer for G4S by Allied Universal being declared wholly unconditional, all of the shares held by the non-executive directors, as set out in the table above, were tendered to the offer.

Payment for loss of office (audited information)

There was no payment for loss of office during the year under review.

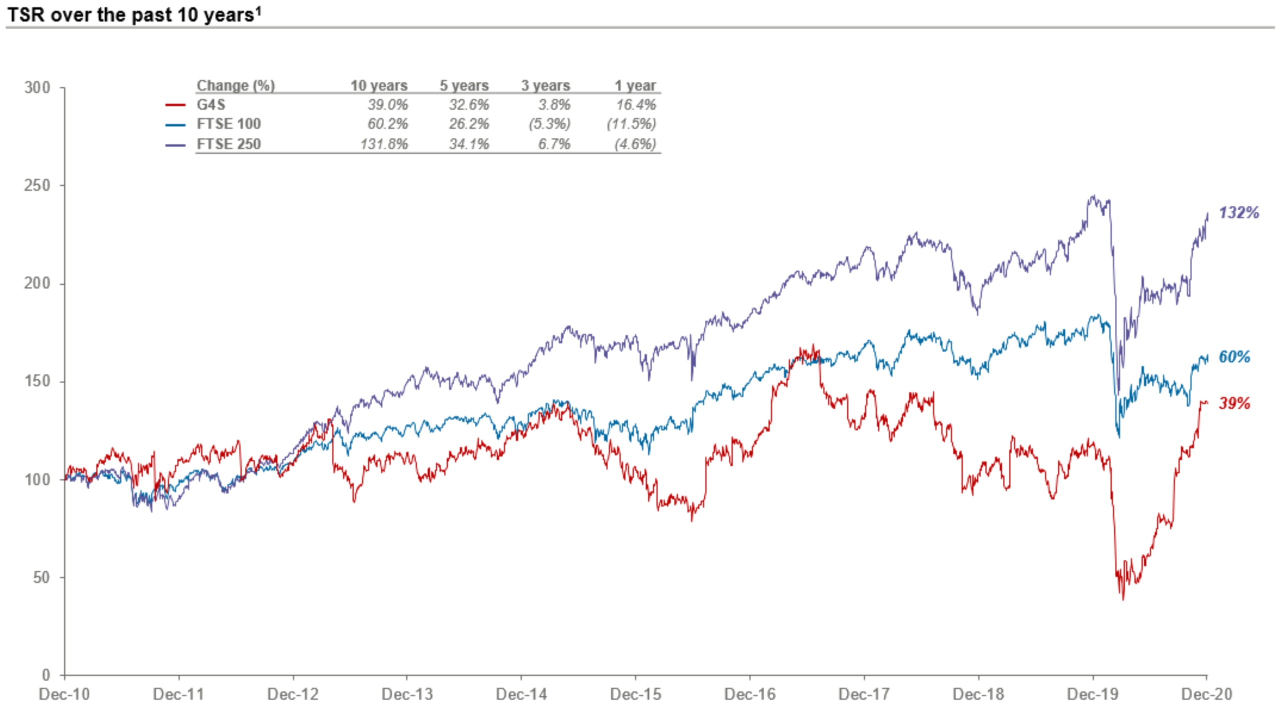
Payments to past directors (audited information)

There was no payment to past directors during the year under review.

Performance graph and table

The line graph below shows the ten-year annual Total Shareholder Return (TSR) performance against both the FTSE 100 and FTSE 250 indices. While the company is currently a constituent of the FTSE 250, the directors believe that the FTSE 100 is also an appropriate form of broad equity market index against which to base a comparison, given the size and geographic coverage of the Group.

2010 – 2020 Total Shareholder Return



CEO's pay in last ten financial years

Year	2011	2012	2013	2013	2014	2015	2016	2017	2018	2019	2020
Incumbent	**Nick Buckles**	**Nick Buckles**	**Nick Buckles**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**	**Ashley Almanza**
CEO's total single figure of annual remuneration (£'000)	1,542	1,186	514	1,459	2,521	2,738	4,790	3,754	2,895	1,477	1,810
Bonus % of maximum awarded	0%	0%	0%	72%	98%	70%	97%	79.5%	0%	0%	0%
PSP/LTIP % of maximum vesting	14%	0%	0%	n/a	n/a	27%	70%	62%	56%	15%	23%

Notes:

Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.

After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included.

The value of shares that vested in the relevant year under the company's now-expired Performance Share Plan (or a notional value in the case of shares vested but unexercised) has been included in the prior year's CEO's total figures, since that is the most relevant year for measurement of performance.

The figures before 2013 did not include taxable expenses.

Bonus % of maximum awarded for 2017 is the adjusted figure after a reduction equivalent to 10% of base pay was applied, as recommended by the executive directors and approved by the Remuneration Committee.

Annual change in directors' and employees' remuneration

The table below shows how the percentage change in the directors' salary/fee, benefits and bonus (where applicable) between 2019 and 2020 compared with the percentage change in the average of each of those components of pay for employees of G4S plc over the same two-year period.

	Percentage change in remuneration between 2019 and 2020		
	Salary/Fee	**Benefits**	**Bonus**
CEO – Ashley Almanza	0.45%	-22%	0% (See note below)
CFO – Tim Weller	0.45%	-10%	0% (See note below)
John Connolly	0%	-86%	n/a
Michel van der Bel	0%	n/a	n/a
Clare Chapman	0%	-82%	n/a
Elisabeth Fleuriot	0%	5%	n/a
Winnie Fok	0%	27%	n/a
Adine Grate	0%	n/a	n/a
Steve Mogford	0%	23%	n/a
John Ramsay	0%	-65%	n/a
Paul Spence	0%	-26%	n/a
Barbara Thoralfsson	0%	133%	n/a
Average change for other G4S plc employees	1.5%	See note below	250%

Notes:

As explained earlier in this report, Mr Almanza and Mr Weller did not receive bonuses for 2019 and 2020. The majority of the other employees of G4S plc did not receive a bonus in 2019 but did so in 2020.

The core benefit composition and the underlying employee entitlements remain unchanged over the two-year period. Any changes would be linked to increases in premium rates and costs of procurement of insurance and other benefits.

In respect of the figures set out in the Benefits column for each of the directors, benefit values include the cost of overnight accommodation, travel and meals, which HMRC treats as taxable benefits and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense.

Michel van der Bel and Adine Grate joined the board during the course of the year.

For Winnie Fok, figures cover the period up to the date that she retired from the board on 30 September 2020.

For Paul Spence, figures cover the period up to the date that he retired from the board on 31 March 2020.

For Clare Chapman, 2019 figures cover the period from the date of her appointment as a non-executive director and chair of the Remuneration Committee on 23 September 2019.

Benefits figures for Winnie Fok, Barbara Thoralfsson and Elisabeth Fleuriot include professional fees in relation to tax and social security compliance.

CEO Pay ratio

The company is required to disclose annually the ratio of its CEO's pay to the median, lower quartile and upper quartile pay of the UK employees.

Details of the ratio of the CEO's latest single total figure relative to the three representative roles listed below can be found in the table below.

		25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Year	**Method**	(lower quartile)	(median)	(upper quartile)
2019	**Method C**	1 : 76	1 : 67	1 : 52
2020	**Method C**	1 : 87	1 : 79	1 : 67

Our approach – method C

We have used the gender pay gap data as at 5 April 2020 for the purpose of the calculation. However, as the scope of the gender pay gap covers only the 10 group legal entities in scope for gender pay gap reporting purposes (with 250 employees or more) and excludes employees based in Northern Ireland, we have added to the dataset, the remaining seven UK employing entities with fewer than 250 employees. Both the Group CEO Ashley Almanza and Group CFO Tim Weller are included in the data to determine the three representative roles.

We have a large workforce of employees performing roles in support services and those who have similar roles and responsibilities for our clients will be paid on the same basis. For this reason, clustered around each of the three statistical points, there are many other employees doing similar roles and receiving the same hourly pay. Therefore, the three employees identified are representative of the lower quartile, median and upper quartile of group employee remuneration in the relevant financial year.

By ranking the data in terms of their hourly pay, the three representative roles that have been identified are as follows:

- The lower quartile employee is a Security Officer in Secure Solutions with an hourly pay of £9.30 as at December 2020
- The median employee is a Team Leader with Security Services with an hourly pay of £10.90 as at December 2020
- The upper quartile employee is a Large Goods Vehicle category C ("LGVC") Driver in Cash Solutions with an hourly pay of £12.64 as at December 2020

The change in representative roles in 2020 is informed by data collected as part of the gender pay gap report, the scope of which did not include furloughed staff and is therefore the result of the position as at the relevant date of 5 April 2020.

Details of the total pay and benefits, and annual base pay, are set out below in relation to the three representative roles that have been identified:

2020: Method C	Role	Annual base pay	Value of benefits	Total single figure	CEO pay ratio
Lower quartile **25th percentile pay ratio**	**Security Officer**	£20,364	£459	£20,823	1:87
Median **50th percentile pay ratio**	**Team Leader in Security Services**	£22,502	£527	£23,029	1:79
Upper quartile **75th percentile pay ratio**	**LGVC Driver in Cash Solutions**	£25,634	£1,371	£27,005	1:67

Notes:

1. The annual base pay represents the full time equivalent, with no overtime. All rates and pay information for 2020 are as at December 2020.

2. In order to ascertain the ratio on the same basis as the CEO single figure (which includes salary, allowances, taxable benefits, pension and variable pay in respect of the relevant financial year), we have used the benefits to which these roles are eligible, rather than actual. This is because there are different legacy pension schemes and benefit structures relating to some employees who have certain protected terms following the transfer of their employment to G4S. For example, some employees are in the defined benefit pension schemes having transferred to G4S from the public sector or local government. These instances are in the minority however.

3. Both the lower quartile and the median employees are only eligible for auto-enrolment pension and life assurance at 1 time salary. The LGVC Driver role is eligible for a higher level of pension and life assurance than the other two representative roles. This reflects the different offering by the different employing entities.

4. Other "pay and benefits" such as overtime, long service awards and recruitment bonuses are also available, however we chose not to include these, since they are not regularly available and are based on certain criteria being met. Employee discount schemes and financial wellbeing facilities which offer loans and a hardship fund for grants to employees are also available; none of these are included in the calculations above as their value, deemed subjective, is difficult to quantify.

Relative importance of spend on pay

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit.

	2020	2019	Change
Dividends paid	Nil	£55m	(100)%
Total employee costs	£5,023m	£5,395m	(6.9)%

The increase in total employee costs is the result of a combination of increase in wages and salaries associated with fluctuating employee numbers during the year and the impact of foreign exchange rates on the 2020 figure with the 2019 figure stated at December 2019 average rates.

Statement of implementation of remuneration policy in 2021

Following the acquisition of control of G4S by Allied Universal the remuneration arrangements for G4S' senior executives will continue to be subject to the shareholder-approved remuneration policy during such period as G4S remains listed on the London Stock Exchange or the Danish Stock Exchange. No changes to salary or benefits of executive directors is proposed in this period.

Annual Bonus

The annual bonus arrangements for executive directors following the acquisition of control of G4S by Allied Universal are yet to be determined.

Long Term Incentive Plan

In light of the impending acquisition of the Company by Allied Universal at the normal time for grant of the Company's LTIP awards, in line with the recommendation received from management, the Remuneration Committee determined to exercise its discretion under the rules of the LTIP not to grant an award under the 2021 LTIP.

Advisors to the remuneration committee

Deloitte was appointed by the Remuneration Committee as its advisor in 2014 following a tender process. Such appointment is reviewed every year and was confirmed in October 2020. The committee received advice from Deloitte on executive and senior management remuneration matters throughout the year under review, which included a significant increase in the level of advice required as a result of the offers for G4S. The committee has satisfied itself as to the independence of Deloitte. Deloitte is a member of the Remuneration Consultants Group and operates voluntarily under its code of conduct in the UK.

Advisor	Appointment	Services provided to Remuneration Committee	Fees for services to Rem Co	Other services provided to Company
Deloitte	2014	Advice on executive remuneration	£219,150	Advice on organisational review, tax advice on expatriate and share plans, M&A advisory services and other consulting services. These services were provided by different parts of Deloitte.

Fees for services to the Remuneration Committee are at an agreed rate based on time involved and paid as incurred. In 2020, these included support to the Remuneration Committee during the consultation process on the Company's Remuneration policy.

The group chief executive, Ashley Almanza, provided guidance to the committee on remuneration packages for senior executives within the Group. Further guidance was received from the Group's Acting HR director, Catherine Hooper, and the director of compensation and benefits, Sok Wah Lee. Neither the group chief executive nor the group HR Director participated in discussions regarding their own remuneration. Legal and regulatory advice was provided to the committee in the context of the offers for G4S by Herbert Smith Freehills LLP and Linklaters LLP.

The committee is satisfied that the advice it received during the year was objective and independent based on the experience of its members generally.

Statement of voting at general meeting

A resolution to approve the directors' remuneration policy as set out in the company's annual report for the year ended 31 December 2019 was passed at the company's annual general meeting held on 17 June 2020. The policy can be found at g4s.com/investors/corporate-governance/remuneration-committee. A resolution to approve the Directors' Remuneration Report (other than the part containing the directors' remuneration policy) for the year ended 31 December 2019 was passed at the company's annual general meeting held on 17 June 2020.

The results of the votes on these resolutions are set out in the table below:

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2020 AGM	95.93%	4.07%	1,297,879
Directors' Remuneration Report – 2020 AGM	99.19%	0.81%	15,990,132

Directors' Report

The Directors submit their report, together with the Strategic Report and the audited consolidated financial statements of G4S plc (the Company) and all of its subsidiaries (together, the Group) for the year ended 31 December 2020.

1. The Company

G4S plc is a parent company incorporated in England and Wales with company number 4992207. It trades primarily through its subsidiaries and joint ventures in numerous jurisdictions. A list of those subsidiaries and joint ventures is set out on pages 136 to 158.

G4S plc has its primary listing on the London Stock Exchange and previously had a secondary listing on the Nasdaq exchange in Copenhagen. On 17 March 2021, the Company submitted a request for removal from trading of G4S' shares from Nasdaq Copenhagen A/S ("Nasdaq") and official listing (together the "Delisting"). On 19 March, Nasdaq approved the application for Delisting. The last day of trading on Nasdaq was 16 April 2021.

Following the Acquisition of G4S by Allied Universal, G4S applied to cancel the listing of G4S shares and trading in G4S shares on the London Stock Exchange's main market. On 13 April 2021, Atlas UK Bidco Limited ("Atlas Bidco") announced that it had received acceptances in respect of 90% of the G4S shares in value and of the voting rights carried by those shares and that, Atlas Bidco would therefore initiate the process to have the remaining outstanding shares compulsorily redeemed. Once the delisting from the London Stock Exchange is completed, it is expected that the Company will be re-registered as a private company.

2. Reporting obligations

In compliance with relevant listing rules and also with DTR4.1.5.R and DTR4.1.8R, the Annual Report and Accounts 2020 contain the consolidated results for the year, shown in the consolidated income statement on page 72, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 54 to 59.

Details of the development and performance of the Group's business during the year, its position at the year end, future developments, principal risks and uncertainties, prospects of the Group and other information which fulfils the requirements of a management report, are all contained on pages 2 to 27 of the strategic report and are incorporated by reference in this Directors' report. The Audit Committee report and the Directors' Remuneration Report set out on pages 35 to 39 and 40 to 53 respectively. The Group's financial risk management objectives and policies in relation to its use of financial instruments and its exposure to price, credit, liquidity and cash flow risk, to the extent material, are set out in note 28 to the consolidated financial statements on pages 115 to 120 which is also incorporated by reference in this Directors' report.

None of the matters required to be disclosed by LR 9.8.4C R apply to the Company other than shareholder waiver of dividends which is referred to in section 4 of this Directors' report.

3. Going concern and viability statement

Under company law, the directors are required to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business and, under the UK Corporate Governance Code, the directors are required to assess the viability of the Group over an appropriate period.

The assessment period for going concern purposes is the 12 months from the signing of the annual report. The acquisition of G4S by the Allied Universal Security Group ("Allied") was declared wholly unconditional on 6 April 2021. In its offer document dated 8 December 2020, Allied set out its intention to complete a full evaluation, following completion of the offer, of the G4S Group, its strategy, operations and organisational structure. Given the acquisition and the evaluation process which Allied has now commenced, in preparing the financial statements for the year ended 31 December 2020, the directors have determined that the appropriate period for assessing viability is the same as that used for the going concern assessment and that the going concern and viability assessment processes should be combined.

The Group's business activities, together with factors likely to affect its future development, performance, cash flows and financial position are set out in the Strategic Report on pages 2 to 27, and its outlook and prospects are summarised on page 3. In addition, note 28 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considered its future funding requirements taking into account its long-term customer contract portfolio, flexible cost base, geographically diverse operating footprint and breadth of customer industry groupings, which taken together, help the Group to manage the direct business impacts and the current global economic uncertainty arising from the Covid-19 pandemic. This consideration has included review of the Group's budget and business plan over a period of at least 12 months from the signing of the annual report and sensitivity analysis and stress testing of the budget and business plan projections, including severe but plausible downside scenarios (based on enduring Covid-19 related budget and plan shortfalls similar to those experienced in 2020 and earlier than anticipated crystallisation of certain provisions at values above the levels currently provided), over the same period.

On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group. The acquisition of the Group has triggered certain change of control rights in the Group's borrowing agreements and this, coupled with scheduled debt redemptions, means that approximately £2.2 billion of the Group's outstanding borrowings will require repayment in 2021 and the Group's £650m revolving credit facility, which was undrawn as at 31 December 2020, was also cancelled in full on the 13 April 2020 as required under its change of control clause and is no longer available to draw. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9 billion of intragroup lending from Allied to G4S and partially to mitigate the impact of the cancellation of the revolving credit facility by providing G4S with access to a €300m revolving credit facility via Atlas UK Bidco Limited.

Atlas Ontario LP, the ultimate holding company of the Allied Universal Security Group, and certain key Allied Group companies (collectively the "Allied Parties") have entered into a Deed of Undertaking with G4S, under which each of the Allied Parties irrevocably and unconditionally undertakes to (and undertakes to procure that its Affiliates and Subsidiaries (excluding G4S and the Group will)):

- provide such financial support to the Group as is required for the Company (and each member of the Group) to continue to be able to operate as a going concern and meet its debts as they fall due;
- not seek the early repayment of any amounts advanced to the Group by it, or any of its Affiliates, and shall only seek to refinance the Group's existing financial indebtedness using committed funding made available on appropriate terms such that (taking into account such alternative funding) the Company (and each member of the Group) will continue to be able to operate as a going concern and meet its debts as they fall due; and
- advance to the Company (and the Group) such amounts as the Company (and each member of the Group) may require in order to ensure that the Company (and each member of the Group) is able to operate as a going concern, meet its debts as they fall due and fulfil its day-to-day funding and liquidity needs,

with such undertakings to remain in full force and effect for a period ending on the date falling 12 months after the date of approval of the Group's financial statements. As part of the Deed of Undertaking, the Allied Parties have represented and warranted the quantum and maturity of the incremental financing facilities that have been entered into in connection with the G4S acquisition and that they will, at all times have sufficient and available committed financing sources to meet their (and their Subsidiaries' and the Group's) financing requirements for the duration of the 12 month assessment period. The Group has made enquiries to assess the information provided in respect of the incremental financing facilities.

Having considered the assessment of the Group's future funding requirements, sensitivity analysis and stress testing of the Group's budget and business plan as set out above and on the basis of the irrevocable and unconditional undertaking entered into by the Allied Parties, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the viability and going concern assessment period.

4. Dividends

The directors did not propose an interim dividend for 2020 due to uncertainty relating to the Covid 19 pandemic.

5. Capital

The issued share capital of G4S plc at 31 December 2020 is as set out on page 131 (note 32 to the consolidated financial statements) and consisted of 1,551,594,436 ordinary shares of 25 pence each. On 6 April 2021, pursuant to the vesting of shares under the G4S Long Term Incentive Plan 2014, 11,121,006 ordinary shares of 25 pence each were issued and allotted to the Employee Benefit Trust, Apex Financial Services (Trust Company) Limited. The number of shares in issue as at 18 April 2021 was 1,562,715,442.

In general there are no restrictions on the holder's ability to transfer their shares or exercise their voting rights, other than in situations where the company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the holder is otherwise in default of an obligation to the company).

The company is not aware of any agreements between its shareholders that may restrict the transfer of their shares or the exercise of the voting rights attaching to them except in relation to the G4S Employee Benefit Trust ("the Trust") which has been established to facilitate certain employee share plans.

Resolutions granting the directors power, subject to certain conditions, to allot and make market purchases of the Company's shares will be proposed at the Company's annual general meeting. At 31 December 2020 the directors had authority in accordance with a resolution passed at the Company's annual general meeting held on 17 June 2020 to make market purchases of up to 155,159,000 of the Company's shares.

The Company does not hold any treasury shares as such. However, the 5,338,823 shares held within the Trust as at 31 December 2020 and referred to on page 133 (note 35 to the consolidated financial statement) are accounted for as treasury shares. The Trust has waived its right to receive dividends in respect of the Company's shares which it held during the period under review.

6. Significant agreements – change of control

The Company is party to a £650,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be immediately cancelled, and repayment of outstanding funds utilised would need to be made within 45 days. Under the same terms the company has a $350,000,000 term credit facility agreement. The multi-currency revolving credit facility agreement was cancelled and the $350,000,000 term loan repaid on 13 April 2021.

On 13th May 2020 the Group issued £300,000,000 of commercial paper, maturing 14th May 2021. There are no change of control conditions under this agreement.

The Company previously entered into two US Private Placement Note Purchase Agreements (the "USPP Agreements"), on 1 March 2007 and 13 May 2019 respectively. The first USPP Agreement originally for $550,000,000, of which only the series D senior notes representing $105,000,000 remain outstanding as at 31 December 2020, maturing on 1 March 2022. The second USPP Agreement for $350,000,000, of which series A senior notes representing $162,000,000 maturing on 13 May 2026 and series B senior notes representing $188,000,000 maturing on 13 May 2029, all remain outstanding.

Under the terms of the USPP Agreements, the Company is required to offer the note holders the right to sell the notes at par value together with interest thereon upon a change of control.

Under the terms of the £2,500,000,000 Euro Medium Term Note Programme, the Company currently has in issue three tranches of Medium Term Notes (MTNs), to various institutions on 9 November 2016 (€500,000,000), 2 June 2017 (€500,000,000) and 24 May 2018 (€550,000,000). In the event of a change of control, a put option comes into force, according to which holders of any MTN may require the Company to redeem the MTNs at par if the MTNs carry a sub-investment grade credit rating in the period immediately prior to the change of control, or in certain circumstances where the MTNs are downgraded to sub-investment as a result of the change of control.

A funding valuation is carried out for the Group' pension scheme's Trustee every three years by an independent firm of actuaries and the next funding valuation as at 5 April 2021 is currently in progress and is expected to be completed during 2021. Allied Universal have agreed to the payment of a one-off cash lump sum of £50m into the pension schemes once this funding valuation has been agreed, and annual deficit contributions of £80m per annum for the calendar years 2021 to 2026 inclusive with effect from 6 April 2021.

7. Contracts of significance- Takeover-related

Each of Messrs Almanza, Connolly, Mogford, Ramsay and Weller provided to Atlas UK Bidco, irrevocable undertakings to accept the cash offer of 245 pence per share for G4S plc. The same directors also had an interest in the Cooperation Agreement relating to the proposed acquisition of G4S plc by Atlas UK Bidco dated 8 December 2020. Their interests were duly declared and the Company's process to deal with potential conflicts of interest was complied with fully.

8. Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the Group is carried out continuously. Research and development written-off to profit and loss during the year amounted to £5m (2019:£5m).

9. Political Donations

The Group's policy is not to make any financial contribution to political parties and confirms that the Company and its subsidiaries have made no contributions during the year to political parties carrying on activities, or to candidates seeking election within the EU, or anywhere else in the world.

10. Section 172 Companies Act Statement

Details of the requirements and disclosures relating to Section 172 Companies Act 2006 can be found on page 27.

11. Stakeholder Engagement

With 490,000 employees our success is underpinned by the way we organise, acquire, protect, develop, engage and reward our people in line with the work streams in our HR strategy. Details of this strategy and disclosures relating to our employees and other stakeholders can be found on pages 12 to 15. Our aim is to develop and grow so removing barriers to employment helps us ensure we tap into the widest talent pool and are able to harness all the skills and abilities people have. If, during the course of their employment individuals become disabled and unable to meet the job requirements we seek to retrain or retain their talents by making reasonable adjustments wherever possible. We appoint people based on their skills and capabilities and not any personal characteristics which are discriminatory or illegal in the countries in which we work. Further information on our approach to diversity and inclusion can be found on page 32.

12. Greenhouse gas emissions and energy consumption

We recognise that climate change is an important and ongoing concern for our group, our customers and our employees. We are undertaking an in-depth review of our current approach to environmental impact and reporting, with the aim of developing a new climate action strategy which will support the net zero carbon ambitions of G4S. Details can be found on page 16.

13. Substantial holdings

The Company had been notified under DTR 5 of the following interests in the ordinary capital of G4S plc:

As at 31.12.2020:

Blackrock Inc.	84,212,052	5.42%
Harris Associates LP	79,355,277	5.11%
Invesco Limited	155,132,349	9.99%
Macquarie Group Limited	46,659,693	3.00%
Mondrian Investment Partners Limited	78,613,679	5.07%
Schroders plc	88,366,549	5.70%

Between 1.1.2021 and 18.4.2021:

Goldman Sachs Group Inc.	116,954,997	7.53%
HSBC Holdings	93,071,906	5.95%
Skandinaviska Enskilda Banken AB	103,637,659	8.36%
Societe Generale SA.	97,328,032	6.27%

The information set out in the table above is based upon notifications received by the Company. These should be read in conjunction with the regulatory announcement made by Allied on 13 April 2021 stating that as at 1.00pm (London time) on 12 April 2021, it had received valid acceptances under the offer for G4S in respect of a total of shares representing approximately 90.25% of the existing issued ordinary share capital of the Company.

14. Directors

The following directors held office during the year ended 31 December 2020

Board composition and roles (between 1 January and 31 December 2020)

John Connolly - Chairman
Ashley Almanza
Tim Weller
Michel van der Bel* - Appointed on 7 May 2020 - Stepped down on 6 April 2021
Clare Chapman* - Stepped down on 6 April 2021
Elisabeth Fleuriot* - Stepped down on 6 April 2021
Winnie Fok* - Retired on 30 September 2020
Adine Grate* - Appointed on 3 July 2020
Steve Mogford*
John Ramsay*
Paul Spence* – Retired on 31 March 2020
Barbara Thoralfsson* – Stepped down on 6 April 2021

Board composition (as at 18 April 2021)
John Connolly - Chairman
Tim Brandt - appointed on 7 April 2021
David Buckman - appointed on 7 April 2021
Ashley Almanza
Tim Weller
Adine Grate*
Steve Mogford*
John Ramsay*

* Independent directors

The Company has granted indemnities to each of its directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during the year ended 31 December 2020 and remain in force in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors. Copies of the forms of indemnity are available on the Company's website. In addition, indemnities have been granted by the Company in favour of certain of the directors of some of the Group's subsidiaries. The Company has maintained a directors' and officers' liability insurance policy throughout the year under review.

Details of directors' interests (including the interests of their connected persons) in the share capital of G4S plc are set out on page 47, and the directors' remuneration is set out on page 42.

By order of the board

Celine Barroche
Company Secretary
18 April 2021

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The parent company financial statements have been prepared 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, 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 Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, 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 Group and the parent company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and parent company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance report confirm that, to the best of their knowledge.

- the group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the parent company, and:
- the Strategic report and the Directors' report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

The statement of directors' responsibilities and the strategic report were approved by the board of directors on 18 April 2021 and signed on its behalf by Tim Weller, Group Chief Financial Officer.

Tim Weller
Group Chief Financial Officer
18 April 2021

Report on the audit of the financial statements

Opinion

In our opinion:

- G4S plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements 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
- the financial statements 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 Accounts (the "Annual Report"), which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the parent company statement of financial position as at 31 December 2020;
- the parent company 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.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the group financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

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

Other than those disclosed in note 8 to the consolidated financial statements, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview
Audit scope

- Our audit included a full scope audit of the group's Americas region and a further 28 country components across the remaining four regions within the group. In total this resulted in full scope audits of the complete financial information in 40 country components across 17 countries due to their financial significance to the group.
- In addition to the full scope audits specific audit procedures over significant balances and transactions were performed at a further 10 country components to give appropriate coverage of all material balances.
- Taken together, the components at which either full scope audit work or specified audit procedures were performed accounted for 71% of the consolidated revenue and 73% of the consolidated profit before tax.

Key audit matters

- Goodwill impairment (group)
- Onerous contract provisioning (group)
- Uncertain tax positions and deferred tax assets (group)
- Provision for material litigation (group)
- Disposal accounting (group)
- Defined benefit pension scheme liabilities (group)
- Income statement presentation (group)
- Impact of the COVID-19 pandemic (group and parent company)
- Going concern risk arising from change of control (group and parent company)

Materiality

- Overall group materiality: £25m (2019: £18.5m) based on consideration of the appropriate revenue and adjusted profit before tax materiality benchmarks of 0.5% and 5% respectively and applying judgement to select an appropriate amount within this range. The overall materiality of £25m represents 0.36% of revenue and 7.7% of adjusted profit before tax for the year ended 31 December 2020.
- Overall parent company materiality: £9m (2019: £10.5m) based on 0.8% of net assets (2019: 1% of net assets).
- Performance materiality: £18.75m (group) and £6.7m (parent company) represents a 25% haircut from overall materiality.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to compliance with competition laws, payroll laws and regulations, foreign ownership rules and tax laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, internal audit, group general counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters reported on the group's whistleblowing helpline and results of management's investigation of such matters;
- Challenging assumptions made by management in their significant accounting estimates, including onerous contract provisions, carrying value of goodwill, the recognition and measurement of litigation provisions and contingent liabilities, uncertain tax positions and deferred tax assets and the valuation of the defined benefit obligations (see related key audit matters below); and

- Testing of material journal entries and post-close adjustments, including the testing of unusual account combinations and consolidation journals.

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

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Disposal accounting and going concern risk arising from change of control are new key audit matters this year and provision for material litigation has replaced the previous key audit matter on non compliance with laws and regulations - specifically in relation to the SFO investigation and compliance with payroll laws and regulations in India and the US. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment (group) *Refer to Audit Committee report on page 36 and to note 16 of the group financial statements.* The group has £1.3bn of goodwill at 31 December 2020 (2019: £1.4bn). An impairment charge of £58m has been recorded in 2020 (2019: £291m). Management determines the recoverable amount of a cash generating unit ("CGU") as the higher of value in use ("VIU") or fair value less cost of disposal ("FVLCD"). The group has over 100 CGUs. The carrying value of goodwill is contingent on future cash flows and there is risk if these cash flows do not meet the group's expectations that the assets will be impaired. The impairment reviews performed by the group contain a number of significant assumptions including revenue growth, profit margins, cash conversion and long-term growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.	We assessed the mathematical accuracy of management's goodwill impairment model and agreed the underlying forecasts to board approved budgets and strategic plans and assessed how these budgets were compiled. We identified a sample of CGUs for testing based on the materiality of the goodwill balance, where limited headroom was identified in management's cash flow model or where the CGU was identified to be at risk due to known performance or macroeconomic conditions. For each CGU selected for testing we critically assessed management's forecasts by comparing forecast growth to historical growth or actual performance, applying sensitivities to future cash flows and assessing long term growth assumptions against IMF projections. We considered the reliability of management's forecasting for revenue, profit and cash conversion by comparing budgeted results to actual performance over a period of three years. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios. With the support of our valuations experts, we assessed the long-term growth rates and discount rates applied by management by reference to third party information and confirmed whether they fell within a reasonable range of external market data. Where they did not, we applied our independent view of a more appropriate rate to management's forecast. Where the recoverable amount has been assessed with reference to a valuation multiple, we assessed the appropriateness of the multiple by comparison to recent business disposals and to other third party information, with the support of our valuations experts. For those CGUs with low headroom, we performed our own sensitivity analysis to understand the impact of changes in the assumptions on the available headroom.

	The recoverable amounts of a number of CGUs including UK Facilities Management, Estonia Secure Solutions, Brazil Secure Solutions, Indonesia Secure Solutions, Chile Secure Services, Greece Cash Solutions, Global Risk Management and UK Islands Cash Solutions, were found to be sensitive to reasonably possible changes in key assumptions and we satisfied ourselves that this risk was appropriately highlighted in the disclosures in note 16. As a result of our work, we were satisfied that, in the context of the group financial statements taken as a whole, it was appropriate to recognise an impairment charge of £58m and considered that adequate disclosure has been made.
Onerous contract provisioning (group) *Refer to Audit Committee report on page 36 and to note 30 of the group financial statements.* Certain of the group's contracts are long-term in nature. These contracts can be complex and incorporate penalty and key performance indicator ("KPI") clauses in the event of non-compliance. The group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond 10 years. Variability of contract penalties, underlying delivery costs and customer and subcontractor claims or disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions. The prediction of future events over extended periods contains inherent risk and the outcome of customer and sub-contractor claims is uncertain and involves a high degree of management estimation. The group has onerous contract provisions at 31 December 2020 of £21m (2019: £21m) and the net income statement charge for onerous contracts in 2020 amounts to £7m (2019 credit: £1m).	Our approach to testing complex contracts started with an evaluation of management's process to identify and quantify onerous and at-risk contracts. Management focused on the top 25 contracts by region and on contracts with margins of less than 3%. We targeted these higher risk and larger contracts and performed scanning analytics on contract margins to identify unusual or unexpected trends. This enabled us to form an independent view as to whether management's process had identified all onerous and problematic contracts. Having examined management's assessment, our procedures focused on the Facilities Management business in the UK. This specifically included three PFI contracts, all of which are long-term in nature. Each of these contracts is particularly sensitive to changes in assumptions and have seen changes in provisioning levels over the last year. For each contract in our sample, we obtained and read the key contractual terms in order to ensure that revenue was recognised in accordance with these terms and that it is supported by evidence of service delivery. We read and understood the contract penalty clauses and evaluated the completeness of penalties through discussions with contract managers and reading minutes of meetings between G4S and the customer, and customer correspondence. We assessed each of the key assumptions underpinning management's forecasts to quantify onerous contract provisions and independently sensitised management's model. We particularly considered the appropriateness of future forecasts based on past performance. We challenged any forecast cost savings and benefits of performance improvement plans by assessing evidence of their achievability, the extent to which these plans are within the group's direct control and verified any observable benefits achieved to date. We also considered alternative scenarios, inspected correspondence with counterparties and other sources, held discussions with in-house legal counsel, and read appropriate documentation to evaluate contractual claims and disputes with customers and subcontractors. We tested the appropriateness of the discount rate used to determine the present value of the provisions, ensuring that the rates used were appropriate for the risks included in the underlying cash flows. We also assessed the recoverability of dedicated contract assets, assessing the level of impairment recorded where the contract was identified as onerous. We considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgments that are required to formulate the provisions mean that the range of possible outcomes is broad. We are satisfied with the group's related disclosures of these

	onerous contracts in light of the underlying assumptions and accounting judgments made.
Uncertain tax positions and deferred tax assets (group) *Refer to Audit Committee report on page 37 and to notes 11 and 31 of the group financial statements.* The group operates in a complex multinational tax environment and is subject to a range of tax risks during the normal course of business including transaction related tax matters and transfer pricing arrangements. Where the amount of tax payable is uncertain, the group establishes provisions based on management's judgment of the most likely amount or based on the expected value, being the sum of the probability weighted amounts in a range of outcomes, depending on which method better predicts the resolution of the uncertainty. At 31 December 2020, the group has recognised provisions of £31m related to uncertain tax positions (2019: £33m). In addition, the group has recognised £232m of deferred tax assets at 31 December 2020 (2019: £254m). The recognition of deferred tax assets involves judgement by management regarding the likelihood of the realisation of these assets. The expectation that these assets will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of these assets.	With the assistance of our local and international tax specialists, we evaluated and challenged management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the group's tax provisions. In understanding and evaluating management's judgements, we considered the status of recent and current tax authority audits and enquiries, judgemental positions taken in tax returns and current year estimates, and developments in the tax environment. Where appropriate, we also read relevant documentation, including opinions from external legal counsel, to understand the legal positions reached. From the evidence obtained, we considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgements that are required to formulate the provisions mean that there is a broad range of possible outcomes. We are satisfied that these judgements are adequately disclosed in note 11. In respect of the recoverability of deferred tax assets, we evaluated management's assessment of how these assets will be realised and whether there will be sufficient taxable profits in future periods to support their recognition. We evaluated the directors' future cash flow forecasts and the process by which they were prepared, ensuring consistency of cash flows with those used for the purpose of goodwill impairment testing. Based on our procedures, future cash flow forecasts supported the recoverability of the deferred tax assets recognised.
Provision for material litigation (group) *Refer to Audit Committee report on page 37 and to note 30 of the group financial statements.* The group is currently the subject of a Competition Authority investigation in both Belgium and the US which may result in a material penalty and reputational damage. There are also a number of other ongoing claims with potentially material exposures. There is inherent judgement associated both with assessing and quantifying probable outcomes in relation to ongoing claims and with determining any exposure (and the need for provision) in areas where legal requirements are open to interpretation. In addition, possible outcomes need to be considered for disclosure as contingent liabilities. Unexpected adverse outcomes could materially impact the group's financial performance and financial position.	We met with the directors, management and in-house legal counsel and obtained correspondence from the group's external legal advisors to assess the probable outcomes in relation to ongoing claims and exposures. We obtained and reviewed management's database tracking all litigations and reconciled this to the provisions recorded in order to check for completeness of provisions and contingent liabilities. In relation to the Competition authority investigation management obtained two independent legal opinions in order to understand the range of possible outcomes and we held discussions with both lawyers in order to understand the basis for the calculations and the basis for the assumptions that had been made. From the evidence obtained, we were satisfied with: (i) the adequacy of the group's provisions made at 31 December 2020 for the risks identified in the context of the group financial statements taken as a whole; and (ii) the appropriateness of the contingent liability disclosures given the status, materiality and likely outcome of claims and exposures in areas where legal requirements are open to interpretation.

Disposal accounting (group) *Refer to note 15 of the group financial statements.* The sale of the traditional cash businesses to Brinks has resulted in the group recording a material gain on disposal for the year ending 31 December 2020. Given the complexity of the agreement over multiple territories the transaction has been completed in stages. In addition, the results of disposed businesses were therefore included within the group consolidation for differing periods up until the date of disposal for each tranche.	We have reviewed the signed Share Purchase Agreements (SPA's), referencing both the disposal proceeds and the terms of any deferred contingent consideration receivable. We have verified the cash proceeds back to source documents, including any subsequent true-ups. We have verified the net asset balances disposed for each tranche back to underlying consolidation schedules and are satisfied that they have been appropriately deconsolidated. Based on the disposal proceeds and net asset balances we have recalculated the profit on disposal, also taking into account the relevant recycling of any CTA balances. We also assessed the recoverability of receivables in relation to deferred consideration with reference to the profitability of the related disposed entity. As a result of our work, we are satisfied that the profit on disposal is correctly recorded and consider the disclosures in note 15 of the group financial statements to be appropriate.
Defined benefit pension scheme liabilities (group) *Refer to note 29 of the group financial statements*. The group has UK defined benefit obligations of £2.9bn at 31 December 2020 (2019: £2.7bn), which is significant in the context of the overall balance sheet. The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability. Management uses external actuaries to assist in determining these assumptions.	We used our actuarial experts to assess whether the assumptions used in calculating the defined benefit liabilities for the UK were reasonable. We assessed whether salary increases and mortality rate assumptions were consistent with the specifics of each plan and, where applicable, with relevant national benchmarks. We also assessed whether the discount rate and inflation rates were consistent with our internally developed benchmarks and in line with other companies' recent external reporting. We evaluated the calculations prepared by the external actuaries to assess the consistency of the assumptions used. We tested the census data by comparing the number of members to the triennial valuation performed in 2018 and investigated any differences. In addition we performed two-way testing of the listings of active members back to the scheme administrator records. We have reviewed the controls report of the administrator and identified no exceptions relating to members data. Based on our procedures, we noted that the discount rate assumption used is at the optimistic end of an acceptable range as a result of a change in the bond universe included within the discount rate model prepared by the group's actuary. We assessed the appropriateness of the related disclosures in note 29 of the group financial statements and consider them to be reasonable.
Income statement presentation (group) *Refer to Audit Committee report on page 36 and to note 3(b) of the group financial statements.* The group has historically reported specific and other items (including restructuring costs) on the face of the income statement. Consistent with the group's definition of adjusted profit before interest, tax and amortisation ("Adjusted PBITA"), the following items have continued to be disclosed separately on the face of the consolidated income statement in 2020: net specific items charge of £53m (2019: £13m); restructuring and separation costs £58m (2019: £57m); gain on disposal/closure of subsidiaries/businesses £185m (2019: loss of £5m); California class action settlement £nil (2019: £18m credit) and Goodwill impairment of £58m (2019: £291m). In addition, Serious Fraud Office Deferred Prosecution Agreement charge of £52m; bid defence charges of £34m and asset impairment of £4m have been recorded in 2020. The treatment of specific and other separately	We substantiated the nature and quantum of significant individual items to appropriate corroborating evidence. We considered whether the designation of individual items as specific was consistent with the group's accounting policy and treatment in prior years. Furthermore, we considered whether amounts included as specific items related to current year trading and might be more appropriately reflected in the underlying results. We considered whether the group has taken a balanced approach to this area, checking that exceptional one-off items of income are treated consistently with one-off items of cost. We tested management's process for identifying and tracking the current year reversal of any prior year specific items, or utilisation of or adjustment to related provisions, to identify whether these have been appropriately presented in the current year income statement. Based on our procedures,

disclosed items is explained in the group accounting policy in note 3(b). We focused on this area because the classification of items as specific or separate disclosure of items of income or expenditure on the face of the income statement requires judgment and because certain of these items are excluded from the calculation of elements of executive remuneration in line with the group's remuneration policy. Consistency in the identification and presentation of these items is important to ensure comparability of year-on-year reporting in the Annual Report.	we were satisfied that the treatment and classification of these items were consistent year-on-year and with the group's policies.
Impact of COVID-19 pandemic (group and parent company) *Refer to the Directors Report on page 54 and to note 3 of the group financial statements.* The COVID-19 pandemic has had an impact on the trading of the group over the course of the year. As a result, the COVID-19 pandemic has brought increased estimation uncertainty to certain areas of the financial statements. Management therefore performed a detailed analysis of the impact of the COVID-19 pandemic on the group and parent company financial statements on revenue, profit and cashflows including possible cost of mitigation and relief obtained from counter-measures taken by national governments. The areas where management has given greatest attention to the accounting and disclosure implications are the impairment assessments for goodwill and property, plant & equipment and trade receivables. Furthermore, this analysis has been used in conjunction with an assessment of the group's liquidity and disclosure of the risks of the impact of the COVID-19 pandemic and management to conclude on going concern and viability, and which have been disclosed within the relevant sections of the Annual Report. In addition, management's way of working, including the operation of controls, has been impacted by the COVID-19 pandemic as a result of a large number of employees working remotely and using technology enabled working practices. For example, this has meant that virtual review meetings and electronic review processes (in place of hardcopy reviews) have been performed instead of meetings which were physically attended or review of hardcopy documents.	We assessed management's future forecasts and the impact of the COVID-19 pandemic on the group's revenue, profit and cashflows. In addition, we have considered the historical accuracy of the budgeting process to assess the reliability of the data. Based on our procedures we concluded that management's future forecasts are appropriate. Our procedures in respect of the goodwill are covered in the "Goodwill impairment" key audit matter above. We also evaluated management's assessment of other accounting estimates within the groups and parent company's financial statements which could be impacted by the challenging economic environment, including the recoverability of property, plant and equipment and of trade receivables. We satisfied ourselves that management's estimates were within acceptable and reasonable ranges. In relation to liquidity we stress tested management's model and considered to what extent sufficient headroom exists to absorb any further downside risks. Our reporting in respect of going concern is set out in the "Conclusions relating to going concern" section below and in respect of viability is set out in the "Corporate governance statement" section below. On the basis of the work performed we are satisfied that management have included appropriate disclosures within the Annual Report. In addition, we also assessed our ability to execute the audit when operating under lockdown and the related international travel restrictions. We implemented alternative communication and review protocols with management and with our component auditors. We also held planning meetings ahead of the year-end audit, involving management and certain component auditors, and agreed ways to facilitate a remote audit, including agreeing how we could ensure appropriate access to relevant audit documentation.
Going concern risk arising as a result of change of control (Group and parent company) *Refer to Audit Committee report on page 38 and to note 3(a) of the group financial statements.* As noted on page 2 of the Annual Report, on 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group ("Allied"). The acquisition of the group has triggered certain change of control rights in the group's borrowing agreements and this, coupled with scheduled debt redemptions, means that approximately £2.2bn of the group's outstanding borrowings will require repayment and the group's £650m revolving credit facility was cancelled shortly after the acquisition. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9bn of intra-group lending from Allied to G4S and partially to mitigate the impact of	The "Conclusions relating to going concern" section below sets out details of the procedures we performed in relation to going concern and our conclusions.

the cancellation of the revolving credit facility by providing G4S with access to a €300m revolving credit facility via Atlas UK Bidco Limited. In order to prepare the financial statements on a going concern basis, G4S has obtained a 'Deed of Undertaking' from the new parent group, under which Allied irrevocably and unconditionally undertakes to provide any necessary financial support for a period of 12 months from the date of approval of the financial statements.	

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors within PwC UK and other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work in these territories to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

The group is organised into four Secure Solutions reportable segments and one Cash Solutions reportable segment. Corporate head office entities are managed at a group level. Each region ("regional component") is an aggregation of a number of country-based components along with the group's interests in joint ventures (together the "country components"). Each region has a separate management team which coordinates the businesses within that region. The group's accounting processes are structured around a local finance function in each of the country components. In addition, finance shared service centres in the UK, North America and India support certain of the group's country-based components. The country components report to the regions and to the group through an integrated consolidation system. There are approximately 500 reporting units across all five regions, all of which are considered a country component. Our audit included a full scope audit of the group's Americas region and a further 28 country components across the remaining four regions within the group. In total this resulted in full scope audits of the complete financial information in 40 country components across 17 countries due to their financial significance to the group, including 12 entities that were directly coordinated by the Americas regional component auditor.

We also identified a further 10 country components (of which 3 were directly coordinated by the Americas regional component auditor) which had one or more individual balances that were considered significant to the group's financial statements. For these components we instructed the component units to perform specific audit procedures to give us the appropriate coverage over the significant balances for our group audit.

Furthermore, central testing was also performed on selected items (including taxation, goodwill and intangible assets impairment, treasury, post-retirement benefits and disposal accounting) primarily to ensure appropriate audit coverage.

Where the work was performed by regional and country component audit teams, we determined the level of involvement we needed to have in the audit work at those components. Our group and our regional component audit teams' involvement included regular dialogue with our country component teams, review of material component auditor work papers and participation in certain component audit clearance meetings for the more significant country components.

Taken together, the components and functions where we performed either full scope audit work or specified audit procedures on selected financial statement line items accounted for 71% of consolidated revenue and 73% of consolidated profit before tax. This was before considering the contribution to our audit evidence from performing audit work at the regional and group levels, including disaggregated analytical review procedures and our evaluation of entity level controls, which covered a significant portion of the group's smaller and lower-risk components that were not directly included in our group audit scope.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - parent company**
Overall materiality	£25m (2019: £18.5m)	£9m (2019: £10.5m)
How we determined it	We have used our professional judgement to determine materiality of £25m taking into account the potential range of materiality determined using the following benchmarks: ● 0.5% of revenues resulting in materiality of £35m ● 5% of adjusted profit before tax ('PBT'), which results in materiality of £16.2m. Using a materiality of £25m equates to 0.36% of revenue and 7.7% of adjusted PBT.	0.8% of net assets (2019: 1% of net assets)
Rationale for benchmark applied	We have considered it appropriate to take into consideration both revenue and adjusted profit before tax in determining materiality. The group's principal measure of earnings is profit before interest, tax and amortisation adjusted for a number of items of income and expenditure ("Adjusted PBITA"). Management uses this measure as it believes that it reflects the underlying performance of the group. We took this measure into account in determining our materiality, except that we did not adjust profit before tax to add back amortisation of acquisition-related intangible assets and finance income and expense as in our view these are recurring items which do not introduce volatility to the group's earnings. Solely using a profit based materiality does not take into consideration the scale of the group, given the relative low margins and the fact that revenue is a key driver of the business and is identified as a key performance indicator of the group, alongside earnings. In our professional judgement, we have concluded that £25m is the appropriate level at which to set materiality, and we have concluded that any adjustments identified that are lower than £25m in magnitude would not be expected to influence the decisions made by the users of the financial statements.	The parent company holds the group's investments and performs treasury functions on behalf of the group. Therefore, the entity is not in itself profit-oriented. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern of the parent company is the payment of dividends and servicing of debt.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.3m and £22.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £18.75m for the group financial statements and £6.7m for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1.2m (group audit) (2019: £1m) and £0.4m (parent company audit) (2019: £0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- agreeing management's cash flow projections to the latest Board approved forecasts, assessing how those board approved forecasts had been compiled and assessing the accuracy of management's forecasts;
- evaluating the key assumptions within the forecast;
- reviewing the terms of the existing debt and other facilities, specifically the impact of the change of control of the group and checking that the key terms were applied appropriately in the going concern assessment;
- considering the potential downside sensitivities that management had applied and their likelihood and whether more severe scenarios could apply, together with considering the associated impact on available liquidity;
- assessing management's stress testing and whether this appropriately considered the principal risks facing the business and the likelihood of events arising that could erode liquidity within the forecast period;
- assessing the performance of the group since year-end and comparing it with the Board approved cash flow forecast;
- reviewing a signed copy of the 'Deed of Undertaking' obtained by the group from Atlas Ontario LP, the ultimate holding company of the Allied Universal Security Group, and certain key Allied Group companies, to understand the level of and duration of financial support provided;
- reviewing Allied's cash flow projections to understand how these were compiled, the key assumptions with reference to historical performance and assessing the accuracy of management's forecasts;
- reviewing Allied's debt and facility agreements and the assessment of compliance with the related covenants;
- performing general enquiries with Allied management to understand the business model, basis of budgeting and cash flow projections, treasury management and discussion of contingencies with in-house general counsel; and
- reviewing the basis of preparation note to the financial statements and evaluating that it accurately described management's going concern considerations.

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

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

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

In relation to the parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

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, 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 group's and the parent 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 group or the parent 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent 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 parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 4 June 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 31 December 2015 to 31 December 2020.

Jason Burkitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 April 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Revenue	5, 6	**6,960**	7,758
Cost of sales		**(5,869)**	(6,419)
Gross profit		**1,091**	1,339
Administration expenses	7	**(661)**	(838)
Net specific items	7	**(53)**	(13)
Serious Fraud Office Deferred Prosecution Agreement	7	**(52)**	–
Bid defence	7	**(34)**	–
Restructuring and separation costs	7	**(58)**	(57)
California class action settlement	7	–	18
Gain/(loss) on disposal/closure of subsidiaries/businesses	7	**185**	(5)
Loss on disposal of fixed assets	7	**(3)**	(2)
Net impairment losses on financial and contract assets		**(12)**	(11)
Goodwill impairment	7	**(58)**	(291)
Asset impairment	7	**(4)**	–
Share of profit after tax from joint ventures	18	**4**	5
Operating profit	6, 7	**345**	145
Finance income	10	**14**	21
Finance expense	10	**(114)**	(139)
Profit before tax		**245**	27
Tax	11	**(84)**	(107)
Profit/(loss) for the year		**161**	(80)
Attributable to:			
Equity holders of the parent		**153**	(91)
Non-controlling interests		**8**	11
Profit/(loss) for the year		**161**	(80)
Earnings/(loss) per share attributable to equity shareholders of the parent	13		
Basic		**9.9p**	(5.9)p
Diluted		**9.8p**	(5.9)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Profit/(loss) for the year		**161**	(80)
Other comprehensive income/(loss)			
Items that will not be re-classified to profit or loss:			
Re-measurements relating to defined retirement benefit schemes	29	**59**	(148)
Tax on items that will not be re-classified to profit or loss	11	**(11)**	22
Effect of rate change on items that will not be reclassified to profit and loss		**5**	–
		53	(126)
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(68)**	(99)
Change in fair value of net investment hedging financial instruments	28	**17**	46
Change in fair value of cash flow hedging financial instruments	27	**(20)**	(13)
Tax on items that may be re-classified subsequently to profit or loss	11, 27	**4**	7
		(67)	(59)
Other comprehensive loss, net of tax		**(14)**	(185)
Total comprehensive income/(loss) for the year		**147**	(265)
Attributable to:			
Equity holders of the parent		**139**	(275)
Non-controlling interests		**8**	10
Total comprehensive income/(loss) for the year		**147**	(265)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Accumulated losses £m	Other Reserves[1] £m	Total £m	NCI reserve £m	Total equity £m
At 1 January 2020	**388**	**258**	**(696)**	**321**	**271**	**31**	**302**
Profit for the period	**–**	**–**	**153**	**–**	**153**	**8**	**161**
Other comprehensive income/(loss) for the period	**–**	**–**	**53**	**(67)**	**(14)**	**–**	**(14)**
Total comprehensive income for the period	**–**	**–**	**206**	**(67)**	**139**	**8**	**147**
Dividends paid[2]	**–**	**–**	**–**	**–**	**–**	**(11)**	**(11)**
Transactions with non-controlling interests[3]	**–**	**–**	**(3)**	**–**	**(3)**	**(23)**	**(26)**
Own shares awarded	**–**	**–**	**(7)**	**7**	**–**	**–**	**–**
Own shares purchased	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Share-based payments	**–**	**–**	**8**	**–**	**8**	**–**	**8**
At 31 December 2020	**388**	**258**	**(492)**	**257**	**411**	**5**	**416**
At 1 January 2019	388	258	(303)	379	722	18	740
Profit/(loss) for the period	–	–	(90)	–	(90)	10	(80)
Other comprehensive loss for the period	–	–	(126)	(59)	(185)	–	(185)
Total comprehensive profit/(loss)	–	–	(216)	(59)	(275)	10	(265)
Dividends paid[2]	–	–	(150)	–	(150)	(24)	(174)
Transactions with non-controlling interests[4]	–	–	(19)	–	(19)	27	8
Own shares awarded	–	–	(12)	12	–	–	–
Own shares purchased	–	–	–	(11)	(11)	–	(11)
Share-based payments	–	–	4	–	4	–	4
At 31 December 2019	388	258	(696)	321	271	31	302

1. See note 33 for an analysis of other reserves.
2. See note 12 for an analysis of dividends paid to equity holders of the parent.
3. Transactions with non-controlling interests in 2020 related primarily to the disposal of the conventional cash business (see note 15).
4. Transactions with non-controlling interests in 2019 related primarily to agreements entered into during the previous year in Asia, Europe and Latin America to strengthen the Group's arrangements in those countries (see note 14).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 £m	2019 £m
ASSETS			
Non-current assets			
Goodwill	16	**1,298**	1,374
Other acquisition-related intangible assets	16	**4**	6
Non-acquisition-related intangible assets	16	**123**	106
Property, plant and equipment	17	**427**	501
Trade and other receivables	21	**80**	57
Investment in joint ventures	18	**6**	8
Investments	20	**35**	26
Retirement benefit surplus	29	**76**	64
Deferred tax assets	31	**232**	237
	6	**2,281**	2,379
Current assets			
Inventories	19	**104**	109
Investments	20	**17**	43
Trade and other receivables	21	**1,256**	1,287
Current tax assets		**58**	66
Cash and cash equivalents	23	**1,504**	745
Assets of disposal groups classified as held for sale	22	**56**	734
		2,995	2,984
Total assets		**5,276**	5,363
LIABILITIES			
Current liabilities			
Bank overdrafts	23, 24	**(333)**	(367)
Bank loans	24	**(267)**	(22)
Loan notes	24	**(299)**	(56)
Lease liabilities	25	**(87)**	(89)
Trade and other payables	26	**(1,215)**	(1,079)
Current tax liabilities		**(55)**	(53)
Provisions	30	**(68)**	(64)
Liabilities of disposal groups classified as held for sale	22	**(20)**	(280)
		(2,344)	(2,010)
Non-current liabilities			
Bank loans	24	**(15)**	(533)
Loan notes	24	**(1,722)**	(1,656)
Lease liabilities	25	**(191)**	(221)
Trade and other payables	26	**(35)**	(41)
Retirement benefit obligations	29	**(384)**	(475)
Provisions	30	**(167)**	(121)
Deferred tax liabilities	31	**(2)**	(4)
		(2,516)	(3,051)
Total liabilities		**(4,860)**	(5,061)
Net assets		**416**	302
EQUITY			
Share capital	32	**388**	388
Share premium		**258**	258
Reserves		**(235)**	(375)
Equity attributable to equity holders of the parent		**411**	271
Non-controlling interests		**5**	31
Total equity		**416**	302

The financial statements on pages 72 to 158 were approved by the board of directors on 18 April 2021 and signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Operating profit		**345**	145
Adjustments for non-cash and other items:			
Goodwill impairment		**58**	291
Impairment of owned and right-of-use assets		**5**	1
Amortisation of acquisition-related intangible assets		**3**	6
Net (gain)/loss on disposal/closure of subsidiaries/businesses	15	**(185)**	5
Loss on disposal of fixed assets		**3**	2
Depreciation of property, plant and equipment		**163**	204
Amortisation of non-acquisition-related intangible assets		**21**	22
Share of profit from joint ventures	18	**(4)**	(5)
Net exchange loss on non-functional currency intercompany trading balances		**–**	3
Equity-settled share-based payments		**7**	3
Increase/(decrease) in provisions		**56**	(107)
Additional pension contributions	29	**(56)**	(52)
Operating cash flow before movements in working capital		**416**	518
Decrease/(increase) in inventories		**2**	(8)
Decrease/(increase) in receivables		**58**	(28)
Increase in payables		**134**	22
Net cash flow from operating activities before tax		**610**	504
Tax paid		**(81)**	(90)
Net cash flow from operating activities		**529**	414
Investing activities			
Purchases of non-current assets		**(78)**	(127)
Proceeds on disposal of property, plant and equipment		**20**	17
Disposal of subsidiaries/businesses	15	**531**	12
Cash, cash equivalents and bank overdrafts in disposed entities		**(82)**	(1)
Acquisition of subsidiaries		**(1)**	(4)
Interest received		**17**	20
Sale/(purchase) of investments		**17**	(6)
Cash flow from equity-accounted investments		**6**	4
Break fee transferred to escrow	21	**(38)**	–
Net cash flow from/(used in) investing activities		**392**	(85)
Financing activities			
Dividends paid to equity shareholders of the parent		**–**	(150)
Dividends paid to non-controlling interests		**(13)**	(22)
Purchase of own shares		**(4)**	(11)
Proceeds from new borrowings		**300**	526
Repayment of borrowings		**(320)**	(460)
Interest paid		**(111)**	(142)
Repayment of lease obligations		**(113)**	(157)
Transactions with non-controlling interests		**(3)**	(14)
Net cash flow used in financing activities		**(264)**	(430)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	34	**657**	(101)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**519**	673
Effect of foreign exchange rate fluctuations on net cash held		**(17)**	(53)
Cash, cash equivalents and bank overdrafts at the end of the year	23	**1,159**	519

1. General information

G4S plc is a company incorporated in the United Kingdom, and is expected to have a primary listing on the London Stock Exchange until at least 5 May 2021. It had a secondary listing on Nasdaq exchange until 16 April 2021. The consolidated financial statements incorporate the financial statements of the company and entities (its subsidiaries) controlled by the company (collectively comprising "the Group") and the Group's interest in joint ventures made up to 31 December each year. The Group operates throughout the world and in a wide range of functional currencies, the most significant being the Euro, the US dollar and Sterling. The Group's financial statements are presented in Sterling, as the Group's primary listing is in the UK. The address of the registered office is 5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom.

2. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006, with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and the accounting policies have been consistently applied. The parent company financial statements have been prepared in accordance with FRS 101 – Reduced Disclosure Framework, in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on pages 159 to 169.

3. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis as described below and using the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies adopted are set out below. Judgments made by the directors in the application of those accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, are discussed in note 4.

On 26 February 2020, the Group entered into an agreement to sell the majority of its conventional cash businesses (the "Disposal Group") to The Brink's Company (Brink's) for cash consideration of approximately £666m (see note 22 for more details). Assets and liabilities of the businesses for which the sale transaction has not completed have been included within disposal groups classified as held for sale in the consolidated statement of financial position as at 31 December 2020 and 31 December 2019 as set out in note 22.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance, cash flows and financial position are set out in the Strategic Report on pages 2 to 27. In addition, note 28 to the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considered its future funding requirements taking into account its long-term customer contract portfolio, flexible cost base, geographically diverse operating footprint and breadth of customer industry groupings all of which mean that the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the Covid-19 pandemic. This consideration has included review of the Group's budget and business plan over a period of at least 12 months from the signing of the annual report and sensitivity analysis and stress testing of the budget and business plan projections, including severe but plausible downside scenarios (based on enduring Covid-19 related budget and plan shortfalls similar to those experienced in 2020 and earlier than anticipated crystallisation of certain provisions at values above the levels currently provided), over the same period.

On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group. The acquisition of the Group has triggered certain change of control rights in the Group's borrowing agreements and this, coupled with scheduled debt redemptions, means that approximately £2.2 billion of the Group's outstanding borrowings will require repayment in 2021 and the Group's £650m revolving credit facility was cancelled shortly after 6 April 2021. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9 billion of intragroup lending from Allied to G4S and partially to mitigate the impact of the cancellation of the revolving credit facility by providing G4S with access to a €300m revolving credit facility via Atlas UK Bidco Limited.

Atlas Ontario LP, the ultimate holding company of the Allied Universal Security Group, and certain key Allied Group companies (collectively the "Allied Parties") have entered into a Deed of Undertaking with G4S, under which the Allied Parties irrevocably and unconditionally undertake to (and undertakes to procure that its Affiliates and Subsidiaries (excluding G4S and the Group will)):

- provide such financial support to the Group as is required for the Company (and each member of the Group) to continue to be able to operate as a going concern and meet its debts as they fall due;
- not seek the early repayment of any amounts advanced to the Group by it, or any of its Affiliates, and shall only seek to refinance the Group's existing financial indebtedness using committed funding made available on appropriate terms such that (taking into account such alternative funding) the Company (and each member of the Group) will continue to be able to operate as a going concern and meet its debts as they fall due; and
- advance to the Company (and the Group) such amounts as the Company (and each member of the Group) may require in order to ensure that the Company (and each member of the Group) is able to operate as a going concern, meet its debts as they fall due and fulfil its day-to-day funding and liquidity needs;

with such undertakings to remain in full force and effect for a period ending on the date falling 12 months after the date of approval of the Group's financial statements. As part of the Deed of Undertaking, the Allied Parties have represented and warranted the quantum and maturity of the incremental financing facilities that have been entered into in connection with the G4S acquisition and that they will, at all times have sufficient and available committed financing sources to meet their (and their Subsidiaries' and the Group's) financing requirements for the duration of the 12 month assessment period. The Group has made enquiries to assess the information provided in respect of the incremental financing facilities.

Having considered the assessment of the Group's future funding requirements, sensitivity analysis and stress testing of the Group's budget and business plan as set out above and on the basis of the irrevocable and unconditional undertaking entered into by the Allied Parties, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

(b) Presentation of the consolidated income statement

In order to provide further clarity in the Group's consolidated income statement and segmental analysis, the Group separately discloses specific items, restructuring and separation costs, profits or losses on disposal or closure of subsidiaries or businesses, amortisation of acquisition-related intangible assets and any acquisition-related expenses, and goodwill impairment. This is consistent with the way that financial performance is measured by management and reported to the board and assists in providing a more meaningful analysis of the Group's results. The directors believe that presentation of the Group's results in this way aids the understanding of the Group's financial performance. Further explanation about the Group's rationale for separately presenting these items is set out in the Alternative Performance Measures section of the Strategic Report on pages 5 and 6.

Specific items

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

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

In general, provisions recognised for future losses on onerous contracts are charged to the consolidated income statement within Gross Profit. However, where onerous contract charges are individually significant by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses. Releases of onerous contract provisions originally charged as specific items are separately credited within specific items.

Specific items may not be comparable with similarly-titled measures used by other companies. Specific items for the current and prior years are described in note 7.

Other separately disclosed items

In order to provide further clarity in the consolidated income statement, the Group also discloses separately certain strategic restructuring costs, profits or losses on disposal or closure of subsidiaries or businesses, costs of major corporate restructurings, acquisition-related amortisation and expenses and goodwill impairment.

Restructuring costs that are separately disclosed reflect the multi-year productivity programme which is being implemented by the Group. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. Investment during 2020 and 2019 related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group. Restructuring costs that are incurred in the normal course of business are recorded within Adjusted PBITA.

Further explanation about the Group's rationale for separately presenting profits or losses on disposal or closure of subsidiaries or businesses, amortisation of acquisition-related intangible assets and goodwill impairment is set out on page 5.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved where the Group has existing rights that give it the current ability to direct the activities that affect the Group's returns and exposure or rights to variable returns from the entity. This can be determined either by the Group's ownership percentage, or by the terms of any shareholder agreement. In the case of certain investments, detailed analysis of the different contracts in place is required, together with a level of judgment, to ascertain whether there is control under the definition of IFRS 10 – Consolidated financial statements (see note 4).

On acquisition, the assets, liabilities and contingent liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the acquisition date fair value of the assets transferred as consideration to the vendor and does not include transaction costs. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the consolidated income statement in the year of acquisition.

3. Significant accounting policies *continued*

The cost of acquisition includes the present value of deferred and contingent consideration payable, including that in respect of put options held by non-controlling shareholders, as estimated at the date of acquisition. Subsequent changes to the present value of the estimate of contingent consideration and any difference upon final settlement of such a liability are recognised in the consolidated income statement with respect to contingent consideration and in other comprehensive income with respect to put options. Non-controlling interests are stated at their proportion of the fair values of the assets and liabilities recognised. Profits and losses are applied in the proportion of their respective ownership to the interest of the parent and to the non-controlling interest.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of control and up to the effective date of disposal, respectively.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the Group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses is recognised in the consolidated income statement.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group company transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

(d) Foreign currencies

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Except for operations that have a functional currency that is hyperinflationary, transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value which are denominated in other currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the consolidated income statement for the period.

On consolidation, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on their acquisition, are translated into Sterling at exchange rates prevailing on the balance sheet date. Income and expenses are translated into Sterling at the average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates of the transactions). Exchange differences arising are recognised in other comprehensive income, together with exchange differences arising on monetary items that are in substance a part of the Group's net investment in foreign operations, and on borrowings and other currency instruments designated as hedges of such investments where, and to the extent that, the hedges are deemed to be effective. On disposal, translation differences are recognised in the consolidated income statement in the period in which the operation is disposed of.

Current year transactions of operations that have a functional currency that is hyperinflationary are stated in terms of the value of money at the end of the current reporting period and are translated by applying relevant closing exchange rates. Prior year comparatives presented in the consolidated income statement and consolidated statement of financial position are not restated for changes in the value of money or exchange rates. Any adjustments arising on the restatement of transactions and balances in the year to the value of money at the end of the current reporting period are included within finance costs.

(e) Intangible assets

Goodwill

Business combinations are accounted for by the application of the acquisition method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of a subsidiary or joint venture. No goodwill arises on the acquisition of an additional interest from a non-controlling interest in a subsidiary as this is accounted for as an equity transaction. Goodwill is stated at cost, less any accumulated impairment losses, and is tested annually for impairment or more frequently if there are indications that amounts may be impaired. On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition-related intangible assets

Intangible assets on acquisitions that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquisition-related intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquisition-related intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earnings method.

Acquisition-related intangible assets are amortised by equal annual instalments over their expected economic life. The directors review acquisition-related intangible assets on an on-going basis and, where appropriate, provide for any impairment in value.

The estimated useful life of an intangible asset that arises from contractual rights is limited to the length of the related contract unless the contract is renewable and there is evidence to support renewal of the contract without significant cost to the Group. The estimated useful lives of the Group's acquisition-related intangible assets are as follows:

Trademarks and technology	up to a maximum of five years
Customer contracts and customer relationships	up to a maximum of ten years

Non-acquisition-related intangible assets

Development expenditure represents expenditure incurred in establishing new services, systems and products of the Group. Development expenditure is recognised as an intangible asset only if the following can be demonstrated: the expenditure creates an identifiable asset, its cost can be measured reliably, it is probable that it will generate future economic benefits, it is technically and commercially feasible, and the Group has sufficient resources to complete development. In all other instances, the cost of development expenditure is recorded directly in the consolidated income statement.

Capitalised development expenditure is amortised over the period during which the expenditure is expected to be revenue-producing, up to a maximum of ten years. The directors review the capitalised development expenditure on an on-going basis and, where appropriate, provide for any impairment in value.

Research expenditure is charged to the consolidated income statement in the year in which it is incurred.

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 ten years.

(f) Property, plant and equipment

Property, plant and equipment is 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 (having taken into consideration any impact of climate change which is concluded as having no material impact) as follows:

Freehold buildings	up to 50 years
Equipment and motor vehicles	2 to 10 years

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

Right-of-use assets are depreciated over the shorter of the lease term and the useful economic life of the leased asset unless it is reasonably certain that the lessor will transfer the asset to the Group, in which case the right-of-use asset is depreciated over the useful economic life of the leased asset as described in note 3(r) below.

(g) Financial instruments

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

The Group classifies its financial assets (except derivatives) in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss. This category includes investments; and
- Those to be measured at amortised cost. This category includes trade and other receivables and cash and cash equivalents.

The Group classifies its financial liabilities (except derivatives) as measured at amortised cost.

Fair values are classified by reference to the inputs to the valuation technique used to derive them, using the following hierarchy:

Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs are observable for the asset or liability either directly or indirectly but are not quoted prices included in Level 1;
Level 3 – inputs are unobservable for the asset or liability.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised in the consolidated statement of financial position at fair value as financial assets or financial liabilities. Changes in the fair value of derivative financial instruments are recorded in the consolidated income statement unless they are designated as hedges. The accounting for subsequent changes in the fair value of derivative financial instruments that are designated as hedges depends on the nature of the hedging relationship as described below.

3. Significant accounting policies *continued*

(g) Financial instruments *continued*

Fair value hedges

The carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged. Changes in the fair value of both the hedging instrument and the fair value of the risk being hedged are recognised immediately in the consolidated income statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are re-classified to the consolidated income statement in the periods in which the hedged item affects profit or loss.

Any cumulative deferred gains or losses along with any deferred costs of hedging that have been recorded in equity at the point at which a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, remain in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, any cumulative gains or losses and deferred costs of hedging that are recorded in equity are immediately re-classified to the consolidated income statement.

Net investment hedges

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in reserves in equity. Any gains or losses relating to the ineffective portion are recognised immediately in the consolidated income statement. When a hedging instrument expires, or is sold or terminated any accumulated deferred gain or loss and deferred cost of hedging in equity at that time remains in equity as part of the total gain or loss.

Total gains and losses accumulated in equity are re-classified to profit or loss when the foreign operation is disposed of in whole or in part.

Cost of hedging

The currency basis spread is a margin that is present in a cross currency derivative that is not present in a hedged item that is a single currency exposure. As such, when designating a cross currency derivative as a hedging item and measuring the effectiveness of the hedge, the Group excludes the currency basis spread. Additionally, when cross currency swaps are designated in a net investment hedge to manage the spot-to-spot exposure of net assets, forward points inherent in the derivative are also considered to be a cost of hedging. Changes in the fair value of derivatives that are designated as net investment hedges or cash flow hedges which relate to the currency basis spread or forward points described above are recognised in other comprehensive income and included in the cost of hedging reserve which is a component of equity.

Trade receivables

Trade receivables are initially recognised at fair value which, unless there is a significant financing component, represents the amount of consideration that is unconditional. Trade receivables are subsequently carried at amortised cost using the effective interest method less loss allowances. Loss allowances are calculated using the simplified approach to determine expected credit loss rates taking into account payment profiles over a period of 36 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The expected loss rates are adjusted for current and forward-looking local economic and market conditions.

Investments

Investments comprise investments in securities and certificates of deposit which are measured at fair value both on initial recognition and subsequently. Gains and losses arising from changes in fair value are recognised in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term call deposits.

Interest-bearing borrowings

Interest-bearing bank overdrafts, loans and loan notes are recognised at the value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method.

Trade payables

Trade payables are not interest-bearing, are stated initially at fair value and are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the value of proceeds received, net of direct issue costs.

(h) 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 using either the weighted average or the first-in, first-out method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

(i) Impairment of non-financial assets

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

An impairment loss 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.

(j) Employee benefits

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the Group's total defined benefit obligation reduced by the fair value of the related scheme assets. The total of all of the Group's individual schemes that are in a net asset position is presented separately in the consolidated statement of financial position. The value of any net asset recognised for a defined benefit scheme is limited to the present value of available refunds and reductions in future contributions to the scheme.

For defined benefit plans, the cost charged to the consolidated income statement consists of current service cost, net interest cost, and past service cost. The finance element of the pension charge is shown in finance expense and the remaining service cost element is charged as a component of employee costs in the consolidated income statement. Actuarial and other re-measurement gains and losses are recognised immediately in full within other comprehensive income.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. The fair value of equity-settled share-based payments is determined at the date of grant and expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, excluding changes resulting from any market-related performance conditions. Cash-settled share-based payments are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date the liability is settled. Changes in the liability are recognised directly in the consolidated income statement.

(k) Provisions and contingent liabilities

Provisions are recognised when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. The amount recognised as a provision is the Group's best estimate of the likely outflows at the end of the reporting period.

In respect of claims, onerous customer contracts and litigation, the Group provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all such items, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercises judgment in measuring the Group's exposures to contingent liabilities (see note 30) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

Where the time value of money is material, provisions are stated at the present value of the expected expenditure using an appropriate discount rate.

(l) Restructuring and separation costs

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the on-going activities of the entity.

The Group distinguishes in the consolidated income statement between restructuring costs that are recurring and those that relate to one-off or transformational Group programmes that impact a number of operations.

Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the Group's results within adjusted profit before interest, tax and amortisation (Adjusted PBITA).

3. Significant accounting policies *continued*

(m) Revenue recognition

The Group has no revenue other than that arising from contracts with customers. For the majority of the Group's services, including the provision of manned security and cash security services, the Group provides services to the customer on a daily basis continuously over the term of the contract and the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from these services is therefore recognised over time.

For the services set out below, the Group's right to consideration from its customers generally equates to the value of services supplied to the customer. On this basis, the Group applies the practical expedient in IFRS 15 to recognise revenue when the services are provided for the amount that the Group has a right to invoice for those services.

The practical expedient is applied to revenue recognised in the following services:

- Secure Solutions services including the provision of on-site, mobile and remote security, technology-enabled monitoring and response, risk consulting and integrated security solutions. In addition, most contracts for facilities management and Care & Justice Services apply the practical expedient.
- Cash Solutions services including the provision of conventional cash services (cash in transit, cash processing and ATM services) and cash technology services (including some Cash 360 services and bank process automation).

The Group also provides additional services (listed below) where the Group's right to consideration from its customers does not equate to the value of services supplied to the customer. In these cases, mainly related to long-term contracts, revenue is recognised over time due to either:

a. the customer simultaneously receiving and consuming the benefit of the services; and/or
b. the Group creating an asset that the customer controls as the asset is created or enhanced; and/or
c. the Group's performance not creating an asset with an alternative use to the Group and the Group having an enforceable right to payment for performance completed to date.

In these cases revenue is recognised over time primarily using input methods based on costs incurred as a proportion of the total expected costs of the contract.

The following services apply this method of revenue recognition:

- Secure Solutions services including the provision of security alarm installations and related on-going maintenance and monitoring services, and certain long-term facilities management and Care & Justice Services contracts.
- Cash Solutions services including the provision and/or rental of smart safes and cash recycling equipment, including the use of any proprietary software.

Where installation contracts include the outright sale of equipment, revenue in respect of the sale and installation is recognised when the equipment is installed. Where equipment cannot be sold without the provision of on-going maintenance or other services and in contracts for the rental of equipment, revenue is recognised over the period of the contract.

On-going maintenance and monitoring services represent a series of services with a constant pattern of transfer to the customer over time. Revenue in respect of such services is recognised over the period of the contract.

For contracts that involve the rental of equipment, the Group determines whether the arrangement constitutes a lease under IFRS 16. Where the Group determines that a contract includes a lease, the requirements of IFRS 16 are applied for lessor accounting.

Other transactions

A small number of businesses across the Group provide direct sale of alarms, smart safes and other equipment sales. In these transactions, the Group satisfies its performance obligations at a point in time. Revenue is recognised when the goods have been delivered to the customer and title has passed.

Other considerations

Where a contract contains a number of distinct performance obligations, the amount of revenue recognised in respect of each is determined by allocating the total transaction price in the contract to performance obligations based on their relative standalone selling prices. In the small amount of cases in which the practical expedient is not applied as the Group's right to consideration does not equate to the value of services provided to date, the standalone selling price is estimated based on market prices where available.

Certain of the Group's contracts include payments that vary depending on its performance, including payments or penalties that are determined based on the Group achieving KPIs. In such cases, the amount of revenue recognised is limited to the extent that it is not highly probable that the Group will ultimately receive payment.

In a small number of contracts, the Group procures goods or services from a third party and provides them to the end customer as part of the overall delivery of the contract. The Group considers that it is acting as principal if it is in control of these goods or services prior to transferring them to the customer, and an agent where it is arranging for them to be provided to the customer without obtaining control.

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

(n) Contract acquisition and fulfilment costs

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

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

(o) Onerous contracts

Onerous contract provisions are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management's profit improvement plans to recover the position on loss-making contracts require a level of judgment and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract.

In general, provisions recognised for future losses are charged to the consolidated income statement within net specific items. Where onerous contract provisions are individually material by virtue of their size, they are separately charged within net specific items.

In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses. Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the consolidated income statement to achieve consistent presentation with the original charge.

(p) Interest

Interest 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. Borrowing costs, also calculated using the effective interest method, are recognised as an expense in the consolidated income statement.

(q) Income taxes

Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in equity, in which case it is recognised through other comprehensive income. The tax expense represents the sum of current tax and deferred tax, and excludes charges for interest on tax and certain penalties on tax settlements, which are reported within finance expenses and administration expenses respectively.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated 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 Group'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 consolidated 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 their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. The same profit projections are used for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Judgment is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for tax liabilities and assets on the basis of management judgment following consideration of the available relevant information. Further detail on management's judgments in respect of taxation is provided in note 4.

3. Significant accounting policies *continued*

(r) Leases

The Group recognises an expense in respect of short-term leases (being those with an initial term of 12 months or less) and leases of low-value items (defined as leases of assets with a cost, when new, of less than £2,500) on a straight line basis over the life of the lease. For all other leases, the Group recognises a right-of-use asset and corresponding liability at the date at which the leased asset is made available for use by the Group.

Lease liabilities are measured at the present value of the future lease payments including fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. The Group applies the practical expedient to include non-lease components in the measurement of lease liabilities. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate determined based on publicly available data for liabilities with matching start dates, terms and currencies, adjusted for the country-specific risk of the lessee. No adjustment is made to reflect the nature of the leased assets on the basis that a lender would not make a material adjustment to the borrowing rate to reflect the nature of the underlying assets.

Lease assets are measured based on the value of the associated lease liability, adjusted for any payments made before inception and initial direct costs. Subsequent to initial recognition, the Group records an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset unless it is reasonably certain that the Group will acquire the asset at the end of the lease in which case it is recognised over the asset's useful economic life. Lease liabilities are adjusted for changes to the future cash flows due under the lease (for example, changes based on movements in indexes or rates) with a corresponding adjustment typically made to the associated asset.

(s) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For the sale to be highly probable, the Group must be committed to the sale at the period end and it should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

(t) Dividend distribution

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

(u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Note 7 provides further information on how the group accounts for government grants.

(v) Adoption of new and revised accounting standards and interpretations

Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark Reform

The Group adopted the Phase 1 Amendments to IFRS 9, IAS 39 and IFRS 7 in respect of Interest Rate Benchmark (IBOR) Reforms early, with effect from 2019. These amendments provided relief from applying specific hedge accounting requirements to hedge relationships directly affected by IBOR reform and have the effect that the reform should generally not cause hedge accounting to terminate. The reliefs in the amendments will cease to apply when the uncertainty arising from IBOR reform no longer exists. There was no financial impact from the early adoption of these amendments. Further amendments (Phase 2) were issued on 27 August 2020 and the Group will apply these in 2021.

There was no material effect from the adoption of any other new standards or interpretations in the year ended 31 December 2020, which included:

- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- IFRS 9 amendments – Prepayment features with negative compensation;
- IAS 28 amendments – Long term interests in associates and joint ventures;
- IFRS 3 amendments – Definition of a business; and
- IAS 1 and IAS 8 amendments – Definition of material.

New standards, amendments and interpretations not yet effective

The Group has not early-adopted any other standard, amendment or interpretation in the year. A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020. The directors are currently evaluating the impact of the following new standards on the group financial statements:

- IAS 16 amendments – Proceeds before Intended Use;
- IAS 37 amendments – Cost of Fulfilling a Contract; and
- IFRS 17 – Insurance Contracts.

4. Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies, which are described in note 3, with respect to the carrying amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period.

Significant judgments

Significant judgments are those made by management when applying its accounting policies that are considered to have the most significant impact on amounts recognised in the consolidated financial statements.

Those judgments that are considered to have the most significant impact on amounts recognised in the consolidated financial statements, apart from those involving estimations (which are disclosed separately below), are the following:

Compliance with foreign ownership rules and consolidation of subsidiaries

The Group has a diverse set of complex ownership structures, which are sometimes driven by local laws and regulations relating to foreign ownership. In some instances the Group operates through local structures with limited direct share ownership of the business but exercises control through shareholder agreements.

Judgment is required in determining whether certain Group entities qualify for consolidation under IFRS10 – Consolidated Financial Statements, and in some instances professional and legal advice is sought to support these judgments. Consolidation of any of these entities would be at risk if the Group's ability to enforce its rights of control was successfully challenged.

These judgments have been applied in determining how the Group consolidates businesses with an aggregated revenue of c.£670m, Adjusted PBITA of c.£50m and equity shareholders' funds of c.£80m. The impact on the Group's earnings (after tax) of equity accounting rather than full consolidation would not be material.

Leases (treatment of extension or termination options)

The Group has in excess of 1,000 property leases within its portfolio. Many of those leases include options to extend or terminate early. Where that is the case, the Group is required to exercise judgment to determine whether it is reasonably certain that the lease will be extended (or not terminated early). Where options are held by both the lessor and lessee, judgment is required to determine whether the options can be exercised at no cost.

The Group makes such judgments on a lease by lease basis taking into account all relevant facts and circumstances, including the purpose of the options, forecast business requirements, and the time until the option is exercised. Generally, the Group assumes that it is reasonably certain that leases of assets that are used to serve a sales contract will continue until the end of the sales contract but that future renewals of sales contracts are not reasonably certain.

At 31 December 2020, £2m (2019: £16m) of potential future lease payments were not reflected in the Group's lease liability because the Group was able to avoid payment by exercising termination options (or not exercising renewal options) and it was not reasonably certain that payment would be required.

Significant estimates and assumptions

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates are made taking into account 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. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant estimates, assumptions and sources of uncertainty in preparing the Group's 2020 consolidated financial statements are set out below:

Onerous contracts

The Group delivers certain long-term services that are complex in nature. Some of the contracts to deliver these services may evolve to become loss-making, such that net unavoidable losses are expected to be incurred over their life.

Where a contract is expected to be loss-making over its remaining term, the net present value of estimated future losses is determined in order to calculate an onerous contract provision. The identification and measurement of such provisions is subject to inherent risk, given the extended time periods often involved and the number of variables which are not all within the Group's control.

- In particular, estimation is required in assessing future expected revenue and costs on such contracts, including:
- determining the expected impact of any profit improvement plans where sufficient evidence exists of benefits being delivered by those plans;
- determining the expected outcome of any contractual or commercial disputes; and
- determining an appropriate inflation and discount rate to apply to material future cash flows.

The level of uncertainty in the estimates and assumptions supporting expected future revenues and costs can vary with the complexity of each contract and with the form of service delivery.

For further details of how the Group has applied judgments and estimates to significant onerous contract provisions refer to note 30 on page 128.

Carrying value of goodwill

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis is based principally upon forecasts of discounted estimated future cash flows arising from the use and eventual disposal of the assets, requiring assumptions about growth rates and the impact of local economic factors. In some cases, the impairment analysis is based on fair value less costs to sell which requires assumptions about how much a willing buyer would be willing to pay for the business. During the year the Group recognised a total goodwill impairment charge of £58m, reflecting impairments in Brazil Secure Solutions (£26m) respect of the Global Risk Management business (£15m), Chile Secure Solutions (£9m) and Greece cash Solutions business (£8m). A description of the Group's approach to impairment testing, including an analysis of the sensitivity of goodwill to the key assumptions, and details of impairments recorded during the year is presented in note 16.

Leases (estimation of discount rates)

The Group's lease liabilities are calculated by discounting future lease payments using the rate implicit in the lease or, if that cannot be readily determined, the incremental borrowing rate at the date at which the leases were entered into or modified. The Group has calculated almost all of its lease liabilities using incremental borrowing rates. Those rates have been estimated based on publicly available rates for borrowings of the same tenure, start date and currency, adjusted for the Group's credit rating and for the credit rating of the Group entity entering the lease. Determining the rate at which an individual entity could borrow funds on the same terms as an individual lease requires significant estimation.

The average incremental borrowing rate used for leases that were in place during the year ended 31 December 2020 was 5.32% (2019: 5.18%). If the incremental borrowing rates used at 31 December 2020 were decreased by 100bps in respect of all of the Group's leases, then the Group's lease liabilities would increase by approximately £6m (£5m relating to land and buildings and £1m to property and equipment) with a consequential effect on right-of-use assets. An increase of 100bps would decrease the Group's lease liabilities by approximately £6m (£5m relating to land and buildings and £1m relating to property and equipment). An increase/decrease in the incremental borrowing rates of 100bps would increase/decrease the Group's interest charge for the year ended 31 December 2020 by approximately £1m/£1m respectively.

Taxation

The Group operates in many tax jurisdictions including countries where the tax legislation is not consistently applied and under some complex contractual circumstances where the responsibility for tax arising is not always clear. Judgments and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other local factors. In certain cases, and where appropriate, a probability weighting is applied in determining the amount provided. In all cases it is assumed that the local tax authorities have, or will be provided with, full information. Further details about the range of the potential tax exposure to which the Group is subject are set out in note 11.

The Group has tax losses and other deductible temporary differences, mainly in the UK and USA, that have the potential to reduce tax payments in future years. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. The same profit projections are used for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Judgment is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Valuation of retirement benefit obligations

The valuation of defined retirement benefit schemes is arrived at using the advice of qualified independent actuaries who use the projected unit credit method for determining the Group's obligations. This methodology requires the use of a variety of assumptions and estimates, including the determination of an appropriate discount rate, the expected return on scheme assets, mortality assumptions, future service and earnings increases of employees, and inflation. Full details of the Group's retirement benefit obligations, including an analysis of the sensitivity of the calculations to the key assumptions, are presented in note 29.

Labour laws, commercial agreements and claims

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of such disputes, including collective labour claims open in relation to the application of local labour law, commercial agreements with customers and subcontractors, and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is an inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is a risk that further disputes and claims from employees could arise in the future.

Where there is a dispute (or where there is a risk of a dispute on claims in the future) and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. For further details of how the Group has applied judgments and estimates to these provisions and, where relevant, an analysis of the sensitivity of the provisions to the key underlying estimates and assumptions, refer to note 30 on pages 127 to 130.

In certain instances it is not possible to determine a reliable estimate or a reasonable range of potential outcomes. For these cases, disclosure of the relevant items as contingent liabilities is provided in note 30.

Fair value of break fee

On 8 December 2020 the Group entered into a co-operation agreement with Allied. The terms of the agreement required the Group to pay a sum of £38m to Allied, to be held in escrow, in the event that Allied failed to acquire the Group. The Group concluded that the co-operation agreement contained a financial liability in respect of the possible future outflow because the success of Allied's bid was outside of the control of the Group. In accordance with IFRS 9, a financial liability is required to be recorded at fair value on initial recognition. The fair value of the potential £38m liability would take into account the probability of the out flow arising.

As at 31 December 2020, the Allied offer had been unanimously recommended by the G4S plc Board, the directors of which had irrevocably undertaken to accept the offer in respect of their own shares. In contrast, the Board had unanimously recommended that shareholders reject the 'Increased and Final Cash Offer' issued by GardaWorld on 2 December 2020. The directors assessed the probability of a future outflow arising in the light of the recommended offer and concluded that it was virtually certain that Allied would be successful in acquiring the Group. On that basis, the fair value of the liability was determined to be immaterial. If the probability of Allied succeeding had been lower then an additional liability and income statement expense of up to £38m would have been recognised.

On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group resulting in G4S plc being released from any potential obligation to pay the break fee and the amount held in escrow in this respect was repaid on 9 April 2021.

5. Revenue

The Group's revenue by type of service and reportable segment (see note 6) can be analysed as follows:

Year ended 31 December 2020	**Africa £m**	**Americas £m**	**Asia £m**	**Europe & Middle East £m**	**Total Secure Solutions £m**	**Cash Solutions £m**	**Total Group £m**
Sale of goods	**6**	**66**	**5**	**24**	**101**	**34**	**135**
Rendering of services	**384**	**2,529**	**842**	**2,273**	**6,028**	**571**	**6,599**
Revenue from construction contracts	**–**	**93**	**26**	**107**	**226**	**–**	**226**
Total	**390**	**2,688**	**873**	**2,404**	**6,355**	**605**	**6,960**

Year ended 31 December 2019	Africa £m	Americas £m	Asia £m	Europe & Middle East £m	Total Secure Solutions £m	Cash Solutions £m	Total Group £m
Sale of goods	7	64	6	28	105	63	168
Rendering of services	418	2,539	900	2,456	6,313	1,037	7,350
Revenue from construction contracts	–	100	34	106	240	–	240
Total	425	2,703	940	2,590	6,658	1,100	7,758

The Group's revenue by customer type can be analysed as follows:

	2020 £m	2019 £m
Major corporates	**2,673**	2,761
Government	**1,575**	1,640
Financial institutions	**928**	1,235
Retail, leisure and consumers	**1,045**	1,263
Private energy/utilities	**429**	459
Transport, ports and aviation	**310**	400
Total	**6,960**	7,758

Each of the Group's segments made sales to all customer types in both 2020 and 2019.

Assets and liabilities related to contracts with customers:

Current assets	Note	**2020 £m**	2019 £m
Amounts due from construction contract customers	21	**16**	18
Accrued income	21	**170**	212
Trade receivables	21	**929**	948
Loss allowance	21	**(51)**	(46)
Capitalised contract fulfilment costs (presented within non-current other receivables)	21	**1**	2
Total assets related to contracts with customers		**1,065**	1,134

Liabilities			
Amounts due to construction contract customers	26	**(1)**	(2)
Deferred income (current)	26	**(69)**	(58)
Deferred income (non-current)	26	**(7)**	(4)
Total liabilities related to contracts with customers		**(77)**	(64)

5. Revenue *continued*

Assets and liabilities related to contracts with customers *continued*

During the year the Group recognised £57m of revenue that was held in deferred income (or amounts payable to construction contract customers) as at 31 December 2019 (2019: £65m related to amounts as at 31 December 2018), and £1m (2019: £3m) of revenue in relation to performance obligations satisfied in prior years.

The Group did not incur any material contract acquisition costs during the current or prior years.

6. Operating segments

The Group operates on a worldwide basis and derives its revenue and the majority of its operating profit from its four Secure Solutions regions: Africa, Asia, the Americas and Europe & Middle East, and its Cash Solutions division. Whilst the Group operates in various geographic regions, the nature of the products and services provided and the type of customer are similar across those regions.

For each of the reportable segments, the Group Executive Committee (the Chief Operating Decision Maker) reviews internal management reports on a regular basis.

Segment information is presented below:

Revenue by reportable segment	Total segment revenue 2020 £m	Inter-segment revenue 2020 £m	External revenue 2020 £m	Total segment revenue 2019 £m	Inter-segment revenue 2019 £m	External revenue 2019 £m
Africa	**393**	**(3)**	**390**	429	(4)	425
Americas	**2,693**	**(5)**	**2,688**	2,708	(5)	2,703
Asia	**875**	**(2)**	**873**	944	(4)	940
Europe & Middle East[1]	**2,419**	**(15)**	**2,404**	2,612	(22)	2,590
Total Secure Solutions	**6,380**	**(25)**	**6,355**	6,693	(35)	6,658
Cash Solutions[1]	**606**	**(1)**	**605**	1,105	(5)	1,100
Total revenue	**6,986**	**(26)**	**6,960**	7,798	(40)	7,758

Operating profit by reportable segment	Notes	2020 £m	2019 £m
Africa		**29**	30
Americas		**176**	136
Asia		**85**	70
Europe & Middle East		**149**	179
Total Secure Solutions		**439**	415
Cash Solutions		**48**	134
Operating profit before corporate costs		**487**	549
Corporate costs		**(60)**	(48)
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)		**427**	501
Specific items (net)	7	**(53)**	(13)
Serious Fraud Office Deferred Prosecution Agreement	7	**(52)**	–
Bid defence	7	**(34)**	–
Restructuring and separation costs	7	**(58)**	(57)
Guaranteed minimum pension equalisation charge	7	**(2)**	–
California class action settlement	7	**–**	18
Gain/(loss) on disposal/closure of subsidiaries/businesses	7	**185**	(5)
Loss on disposal of fixed assets		**(3)**	(2)
Goodwill impairment	7	**(58)**	(291)
Asset impairment	7	**(4)**	–
Amortisation of acquisition-related intangible assets		**(3)**	(6)
Operating profit		**345**	145

1. Revenue in the UK, being the Group's country of domicile, was £1,125m (2019: £1,218m).

Inter-segment sales are charged at prevailing market prices.

The Group had no transactions with a single external customer that amounted to 10% or more of total Group revenue in the current or prior years.

Non-current assets

The following information is analysed by reportable segment and by the geographical area in which the assets are located:

By reportable segment	2020 £m	2019 £m
Africa	**58**	69
Americas	**592**	648
Asia	**129**	135
Europe & Middle East[1]	**858**	885
Total Secure Solutions	**1,637**	1,737
Cash Solutions[1]	**163**	204
Corporate	**58**	54
Non-current assets[2]	**1,858**	1,995
Other non-current assets[1,3]	**423**	384
Total non-current assets	**2,281**	2,379

1. Non-current assets in the UK, being the Group's country of domicile, amounted to £578m (2019: £611m).
2. Non-current assets by reportable segment comprise goodwill, other acquisition-related intangible assets, non-acquisition-related intangible assets, property, plant and equipment and investments in joint ventures, and exclude other non-current assets and non-current assets included within disposal groups held for sale.
3. Other non-current assets comprise trade and other receivables, investments, retirement benefit surpluses and deferred tax assets.

Other information

By reportable segment	Impairment[1] 2020 £m	Depreciation and amortisation 2020 £m	Capital additions 2020 £m	Impairment[2] 2019 £m	Depreciation and amortisation 2019 £m	Capital additions 2019 £m
Africa	**–**	**11**	**6**	–	13	11
Americas	**35**	**37**	**33**	35	38	32
Asia	**–**	**12**	**10**	–	15	6
Europe & Middle East	**17**	**78**	**52**	51	90	59
Total Secure Solutions	**52**	**138**	**101**	86	156	108
Cash Solutions	**10**	**42**	**28**	205	70	81
Corporate	**–**	**7**	**10**	–	6	16
Total Group	**62**	**187**	**139**	291	232	205

1. Impairment for the year ended 31 December 2020 includes a goodwill impairment charge of £26m relating to the Brazil Secure Solutions business, £15m relating to Global Risk Management, £9m relating to Chile Secure Solutions business, £8m relating to Greece Cash Solutions business, £2m fixed asset impairment charge relating to UK Cash Solutions and £2m impairment charge on the right of use asset in relation to the Groups decision to sublet the Corporate Headquarters in London.
2. For the year ended 31 December 2019, impairment includes a £35m of goodwill impairment charge relating to Brazil Secure Solutions (Americas), a £205m charge relating to UK Cash Solutions (Cash Solutions), a £40m charge relating to UK Facilities Management (Europe & Middle East), and an £11m charge relating to the Secure Solutions business in the United Arab Emirates (Europe & Middle East), see note 16.

7. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	Notes	2020 £m	2019 £m
Cost of sales			
Cost of inventories recognised as an expense		**82**	95
Administration expenses			
Guaranteed minimum pension equalisation charge		**2**	–
Amortisation of acquisition-related intangible assets		**3**	6
Research and development expenditure		**5**	5
Net exchange loss on non-functional currency intercompany trading balances		**1**	3
Short-term leases		**8**	13
Low-value leases		**1**	2
Income from operating leases/subleases		**7**	8
Share-based payments	35	**9**	3
Loss on disposal of fixed assets		**3**	2
Depreciation of property, plant and equipment	17	**163**	204
Amortisation of non-acquisition-related intangible assets	16	**21**	22
Separately disclosed expenses			
Specific items – charges		**55**	38
Specific items – credits		**(2)**	(25)
Serious Fraud Office Deferred Prosecution Agreement		**52**	–
Bid defence		**34**	–
Restructuring and separation costs		**58**	57
California class action settlement		**–**	(18)
(Gain)/loss on disposal/closure of subsidiaries/businesses	15	**(185)**	5
Impairment			
Goodwill impairment		**58**	291
Asset impairment		**4**	–

The following amounts were included within Administration expenses for the year ended 31 December 2020:

- Administration expenses include Covid-19 related government support income of £66m (2019: £nil) that partially mitigated the financial effect of lost revenue, incremental safety and operating costs and the cost of continuous employment for staff whose roles would have otherwise been at risk given the impact of the pandemic; and
- Following a second UK High Court Ruling in the case of Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc (and others) in November 2020, the Group recorded a charge of £2 million for the year ended 31 December 2020 in respect of the equalisation of benefits for historical guaranteed minimum pension obligations between males and females in the UK.

Separately disclosed items on the face of the statement of comprehensive income for the year ended 31 December 2020 include:

- The specific item charge for the year was £55m (2019: £38m), including a £43m charge in respect of costs and potential financial penalties which might arise in respect of the ongoing investigation by the Belgian Competition Authority and the US Department of Justice Antitrust Division in connection with the Group's Belgian business (note 30), a £5m charge for a commercial settlement in relation to a legacy dispute in a business closed in 2015 in North America and a £7m onerous contract provision relating to estimated higher expected losses than initially forecast in two facilities management contracts in the UK;

- Specific item charges incurred during the year ended 31 December 2019 of £38m included a £15m non-recurring, non-cash expense incurred when the Group updated its HR policy formally to waive its rights to recover certain recruitment-related costs under local law in the Gulf States. Also included within specific items was a £9m charge that was booked in relation to collective labour claims in the US, most of which were received during the year following the California class action settlement. An amount of £5m, incurred in the UK Care & Justice business, was charged to specific items in relation to investigation activities and legal advice in connection with the on-going investigation by the Serious Fraud Office in respect of the Group's Electronic Monitoring contract. An additional £5m specific item charge related to a review of legacy labour claims in Brazil. Finally, a £4m additional onerous contract provision was recorded as a specific item relating to a facilities management contract in the UK;
- There were specific item credits of £2m for the year ended 31 December 2020 (2019: £25m). The specific item credits during 2020 primarily relate to recoveries on the COMPASS contract;
- Specific items credits recorded during the year ended 31 December 2019 of £25m include £22m related to the improved performance of three UK onerous contracts together with a review of their related provisions, and £3m in respect of the recovery of a legacy claim in North America;
- A charge of £52m has been recognised in relation to the Deferred Prosecution Agreement entered into with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £39m, plus £6m for the settlement of the SFO's full investigation costs and £7m of legal and other costs in relation to the Deferred Prosecution Agreement process;
- A charge of £34m (2019: £nil) was recognised in respect of services provided by the Group's financial, legal, public relations and other advisers in respect of bid defence and other advice relating to the offers for the Company from GardaWorld and Allied Universal received during the year ended 31 December 2020;
- Restructuring and separation charges of £58m (2019: £57m) were recorded during the year ended 31 December 2020. Restructuring costs of £37m (2019: £19m) related to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East region and the Americas region. During the year the Group also incurred final costs of £21m in respect of the Cash Solutions separation project (2019: £38m);
- In January 2019, the Group agreed the settlement of a class action relating to claims for employee meal and rest breaks for the period 2001 to 2010 in California, for which a provision of £100m ($132m) had been recorded in the year to 31 December 2018. The settlement was approved by the Superior Court of the State of California in October 2019. The amount finally determined in court and paid was £87m ($110m) which was lower than the existing provision. As a result, in the year ended 31 December 2019, the excess remaining provision of £18m ($22m) was released to the consolidated income statement and recognised as a credit;
- During the year, the Group recognised a net gain of £185m (2019: loss of £5m) primarily in relation to the sale of the majority of the Group's conventional cash businesses. Disposals during the year ended 31 December 2019 related to a small profit recognised on the disposal of a parking management business in Estonia offset by costs incurred on business closures and historical disposals, primarily relating to disposals made by the Group during 2018;
- During the year the Group recognised a goodwill impairment of £58m comprising a £26m to fully impair the remaining goodwill balance in the Brazil Secure Solutions business, £15m in respect of the Group's Global Risk Management cash generating unit together with £9m in respect of its Chile Secure Solutions business and £8m in respect of its Greece Cash Solutions business to impair fully the remaining goodwill balances remaining in each of those businesses;
- During the year the Group recognised an asset impairment charge of £4m. £2m of the impairment was in respect of the carrying value of certain branches in the UK Cash Solutions business reflecting the decision to restructure the network of cash branches in light of the step down in volumes experienced over the year and, in particular, in recognition of the potential medium-term impact of Covid-19 on the business (2019: £nil). The Group believes that cash in the UK will continue to represent an important form of payment for the foreseeable future and that, following this restructure, G4S will be well placed to exploit new opportunities as the market evolves. The remaining £2m impairment reflects the impairment charge on the right of use asset in relation to a sublease of the Group's Corporate Headquarters in London;
- In the year to 31 December 2019, the Group recognised a goodwill impairment of £205m to fully impair the goodwill in respect of its UK Cash Solutions business. The Group also recognised goodwill impairments of £86m comprising: £35m in respect of its Brazil Secure Solutions business; £40m in relation to the Group's Facilities Management business in the UK; and £11m in respect of the Group's Secure Solutions business in the United Arab Emirates; and
- Details of the goodwill impairment test as at 31 December 2020 are provided in note 16, along with disclosures around the sensitivity of the remaining goodwill balance.

8. Auditor's remuneration

	2020 £m	2019 £m
Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements	**3**	2
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries[1]	**6**	7
All other services[2]	**2**	1

1. 2020 fees included £0.5m (2019: £0.2m) in respect of prior years.
2. Other services of £2.3m (2019: £1.1m) relate to audit-related assurance services of £2.3m (2019: £1.0m), which include the half year review and £1.7m (2019: £0.4m) related to the Cash Solutions separation, other assurance services of £nil (2019: £0.1m).

9. Staff costs and employees

The average monthly number of employees, including executive directors was:

By reportable segment	2020 Number	2019 Number
Africa	**115,554**	118,892
Americas	**122,040**	120,863
Asia	**159,836**	174,478
Europe & Middle East	**87,958**	97,082
Total Secure Solutions	**485,388**	511,315
Cash Solutions	**17,997**	30,342
Head office	**290**	289
Total average number of employees (excluding joint ventures)	**503,675**	541,946
Average number of employees employed by joint ventures	**9,649**	9,802
Total average number of employees (including joint ventures)	**513,324**	551,748

Their aggregate remuneration, comprised:

	2020 £m	2019 £m
Wages and salaries	**4,371**	4,691
Social security costs	**432**	474
Pension costs	**134**	145
Other benefits	**86**	85
Total staff costs (excluding joint ventures)	**5,023**	5,395
Joint venture staff costs	**46**	49
Total staff costs (including joint ventures)	**5,069**	5,444

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 40 to 53.

10. Net finance expense

	2020 £m	2019 £m
Interest and other income on cash, cash equivalents and investments	**9**	16
Other finance income	**5**	5
Finance income	**14**	21
Interest on bank overdrafts and loans	**(23)**	(32)
Interest on loan notes	**(46)**	(51)
Net interest payable on loan-note related derivatives	**(8)**	(11)
Gain/(loss) arising from interest rate swap derivatives not in a hedging relationship	**1**	(1)
Loss arising from fair value adjustment to the hedged loan note items	**(1)**	–
Gain arising from change in fair value of derivatives hedging loan notes	**1**	–
Interest on lease liabilities	**(18)**	(24)
Other interest charges[1]	**(10)**	(9)
Total Group borrowing costs	**(104)**	(128)
Finance costs on defined retirement benefit obligations	**(10)**	(11)
Finance expense	**(114)**	(139)
Net finance expense	**(100)**	(118)

1. Other interest charges include £4m (2019: £2m) relating to discounts unwound on provisions.

11. Tax

	2020 £m	2019 £m
Current tax expense		
Current year	**87**	76
Adjustments in respect of prior years (note (ix))	**4**	17
Total current tax expense	**91**	93
Deferred tax (credit)/expense (see note 31)		
Current year	**(25)**	33
Re-assessment of deferred tax recoverability on losses (note (viii))	**21**	(7)
Adjustments in respect of prior years (note (ix))	**(3)**	(12)
Total deferred tax (credit)/expense	**(7)**	14
Total income tax expense for the year	**84**	107

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profits for the year. Overseas tax is calculated at the corporation tax rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2020 £m	2019 £m
Profit before tax	**245**	27
Tax at UK corporation tax rate of 19% (2019: 19%)	**47**	5
Items that are not deductible and other additions to taxable profit (note (i))	**33**	18
(Gains)/losses on disposal of businesses not taxed/relieved (note (ii))	**(30)**	2
Different tax rates of subsidiaries operating in non-UK jurisdictions (note (iii))	**15**	20
Benefit of tax incentives and credits	**(5)**	(3)
Goodwill impairments not allowable for tax (note (iv))	**10**	55
Withholding tax credits recognised (note (v))	**(5)**	5
Adjustment for joint ventures	**(1)**	(1)
Tax losses not recognised in the current year (note (vi))	**11**	4
Impact of changes in tax rates in UK/India (note (vii))	**(13)**	4
Re-assessment of deferred tax recoverability on losses (note (viii))	**21**	(7)
Adjustment in respect of prior years – current and deferred tax (note (ix))	**1**	5
Total income tax charge	**84**	107
Effective tax rate	**34%**	396%

The effective tax rate was 34% (2019: 396%). An explanation of the items giving rise to the difference between the effective tax rate and the UK corporation tax rate is set out below.

(i) Items that are not deductible and other additions to taxable profit – £33m (2019: £18m): reflects the tax effect of items which, in management's judgment, are potentially disallowable for the purposes of determining local taxable profits. This includes the tax effect of non-tax deductible cash separation costs of £4m (2019: £3m), net impact of bid defence costs £6m, £5m in respect of Belgian competition issue and the Serious Fraud Office agreement £8m. Details are set out in Note 7.

(ii) (Gains)/losses on disposal of businesses not (taxed)/relieved – £(30)m (2019: £2m): largely relates to the gains on disposal of the cash business to Brink's which are non-taxable, offset by £8m tax due on the internal reorganisation of the business required to facilitate the disposal

(iii) Different tax rates of subsidiaries operating in non-UK jurisdictions – £15m (2019: £20m): arise because of the effect of profits of the Group being subject to tax at rates different from the current UK corporation tax rate of 19%.

(iv) Goodwill impairments not allowable for tax – £10m (2019: £55m): relates to reductions in the carrying values of businesses which are not allowable for tax purposes.

(v) Withholding tax credits recognised – £(5)m (2019: £5m): relates to the reversal of a provision against Brazilian withholding tax credits for which recoverability was uncertain in 2019 but which are now considered recoverable.

11. Tax continued

(vi) Tax losses not recognised in the current year – £11m (2019: £4m): relates to current-year losses not recognised as deferred tax assets on the basis that there are insufficient taxable profits available to utilise them in the foreseeable future.

(vii) Impact of change in tax rates in UK/India – £(13)m (2019: £4m): arises on the change in the value of deferred tax assets caused by changes in enacted tax rates. In 2020, this was the reversal of the previously enacted reduction in the UK tax rate from 19% to 17%. In 2019, this was due to overnight tax reforms in India.

(viii) Re-assessment of deferred tax recoverability on losses – £21m (2019: £(7)m): relates to the re-assessment of deferred tax assets on historical tax losses during the year as a result of updated group forecasts and business plans. The re-assessment of deferred tax assets primarily relates to capital losses which were previously forecast to be utilised on the disposal of the Group's conventional cash businesses and the recoverability of tax attributes in respect of interest restrictions.

(ix) Adjustment in respect of prior years – current and deferred tax – £1m (2019: £5m): relates to changes in provisions for unresolved tax issues.

Issues relating to taxation

The calculation of the Group's total tax charge involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities, or via a domestic or international dispute resolution process.

The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities in respect of the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. This risk is largely driven by the inherently subjective nature of transfer pricing and the divergent views taken by tax authorities. In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach which considers factors such as the quantum of the charge, the countries party to the transaction and the relevant statutes of limitation. An assessment is also made of the likelihood that compensating adjustments will be obtained under the relevant tax treaties to mitigate the level of double taxation which could arise.

As the Group operates in a significant number of countries, determining the appropriate level of judgment is typically influenced by the Group's evolving experience of tax controversy in different countries. The Group has open tax periods in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions. As at 31 December 2020, the Group had total tax exposures of approximately £123m (2019: £151m) of which £31m (2019: £33m) is provided against. The Group believes that it has made appropriate provision for open tax periods which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Group does not expect material changes to occur to the level of provisions against uncertain tax positions during the next twelve months.

The transitional period covering the UK's exit from the European Union ended on 31 December 2020. Aside from customs duties and certain commitments to tackle harmful tax practices the Free Trade and Co-operation Agreement between the UK and EU does not directly address tax matters. As a result, cross border flows and tax issues must be resolved using tax treaties in place between the UK and each EU member state. The Group does not anticipate that significant additional tax liabilities will arise.

The following taxation credit has been recognised directly in equity within the consolidated statement of comprehensive income:

	2020 £m	2019 £m
Tax (charge)/credit relating to defined retirement benefit schemes	**(11)**	22
Tax credit relating to tax rate changes applying to defined retirement benefit schemes	**5**	–
Tax credit related to change in fair value of net investment and cash flow hedging financial instruments	**4**	7
Total tax (charged)/credited to other comprehensive income	**(2)**	29

12. Dividends

	Pence per share	**DKK per share**	**2020 £m**	2019 £m
Amounts recognised as distributions to equity holders of the parent in the year				
Final dividend for the year ended 31 December 2018	6.11	0.5321	–	95
Interim dividend for the six months ended 30 June 2019	3.59	0.2905	–	55
			–	150

13. Earnings/(loss) per share attributable to equity shareholders of the parent

	2020 £m	2019 £m
Earnings/(loss)		
Profit/(loss) for the year attributable to equity shareholders of the parent	**153**	(91)
Weighted average number of shares used as the denominator (m)		
Weighted-average number of ordinary shares[1] used in calculating basic earnings per share	**1,547**	1,547
Adjustments for calculation of diluted earnings per share:		
Potential vesting	**16**	8
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,563**	1,555
Earnings/(loss) per share (pence)		
Basic	**9.9p**	(5.9)p
Diluted	**9.8p**	(5.9)p

1. Excluding shares held by the Group's Employee Benefit Trust and accounted for as treasury shares (see note 33).

14. Acquisitions

During the year ended 31 December 2020 the Group invested £1m on acquisitions including the purchase of a small Secure Solutions business in Canada (2019: invested £4m on acquisitions including the purchase of a small Cash Solutions business in the Netherlands (included in the Disposal Group held for sale as at 31 December 2019) and an additional £14m to acquire non-controlling interests primarily in a business in Europe, in one business in Asia and in two businesses in Latin America).

15. Disposals and closures

On 26 February 2020 the Group announced the sale of the majority of its conventional cash businesses to Brink's with phased completion in which 83% of proceeds were received during the year, with a further 14% received in February 2021 following the completion of Macau, Kuwait and Luxembourg and the final 3% expected after 2021. During the year, the Group completed the sale of its international logistics business, and its Cash Solutions businesses in the Netherlands, Belgium, Hong Kong, Ireland, Romania, Czech Republic, Cyprus, Malaysia, Dominican Republic, the Philippines, Indonesia, Estonia, Latvia and Lithuania, along with some associated Secure Solutions businesses in those countries, to Brink's, realising net cash consideration of £531m. These businesses generated revenue of £142m and an Adjusted PBITA of £9m up to the date of their respective disposals. The Group also sold a documentation business in Guatemala for net cash consideration of £nil. This business did not generate any material revenue or Adjusted PBITA to the date of disposal. Small businesses in Bolivia and Panama were also closed during the year. Further details are outlined in note 22.

In 2019 the Group sold a parking management business in Estonia realising net cash consideration of £5m. This business did not generate any material Adjusted PBITA to the date of disposal. The Group also received additional consideration of £15m and incurred costs of £12m relating to businesses disposed of or closed in prior years. The Group also recognised a receivable of £20m for the sale of shares in a business in Asia to one of its partners to strengthen its relationships in that country.

The gain on disposal/closure of subsidiaries/businesses of £185m (2019: loss £5m). The net assets and net loss on disposal/closure of subsidiaries/businesses disposed of or closed were as follows:

	2020 £m	2019 £m
Goodwill	**212**	–
Acquisition related intangible assets	**3**	–
Non-acquisition related intangible assets	**1**	–
Property, plant and equipment	**146**	6
Other non-current assets	**43**	–
Cash, cash equivalents and bank overdrafts	**166**	–
Other current assets	**120**	2
Retirement benefit obligations	**(54)**	–
Lease liabilities	**(62)**	–
Other liabilities	**(193)**	(7)
Net assets of operations disposed/closed	**382**	1
Plus: effect of foreign exchange rate movements	**(6)**	–
Less: non-controlling interests	**(25)**	–
Plus: movements in opening receivables/payables in respect of prior year disposals[1]	–	12
Net impact on the consolidated statement of financial position due to disposals/closures	**351**	13
Gain/(loss) on disposal/closure of subsidiaries/businesses	**185**	(5)
Total consideration	**536**	8
Satisfied by:		
Cash received	**551**	5
Disposal costs paid	**(15)**	–
Additional consideration received relating to disposals completed in prior years[1]	–	15
Additional costs paid relating to disposals completed in prior years	**(5)**	(8)
Net cash consideration received in the year	**531**	12
Deferred consideration receivable[2]	**18**	–
Accrued disposal and other costs	**(13)**	(4)
Total consideration	**536**	8

1. Consideration received in 2019 includes £8m of cash received in respect of the collection of amounts due related to the disposal of the US Government Solutions business sold in 2014.
2. The deferred consideration is expected after 2021.

16. Intangible assets

2020	Acquisition-related intangible assets Goodwill £m	Trademarks £m	Customer-related £m	Non-acquisition-related intangible assets[1] £m	Total £m
Cost					
At 1 January 2020	**1,812**	**–**	**60**	**257**	**2,129**
Additions	**–**	**–**	**–**	**29**	**29**
Disposals	**(5)**	**–**	**–**	**(5)**	**(10)**
Acquisition of a subsidiary	**1**	**–**	**–**	**–**	**1**
Transfer to held for sale	**(1)**	**–**	**–**	**–**	**(1)**
Re-classifications[2]	**–**	**–**	**–**	**10**	**10**
Exchange differences	**(27)**	**–**	**(3)**	**–**	**(30)**
At 31 December 2020	**1,780**	**–**	**57**	**291**	**2,128**
Accumulated amortisation and impairment losses					
At 1 January 2020	**(438)**	**–**	**(54)**	**(151)**	**(643)**
Amortisation charge	**–**	**–**	**(2)**	**(21)**	**(23)**
Impairments	**(58)**	**–**	**–**	**–**	**(58)**
Disposals	**5**	**–**	**–**	**5**	**10**
Exchange differences	**9**	**–**	**3**	**(1)**	**11**
At 31 December 2020	**(482)**	**–**	**(53)**	**(168)**	**(703)**
Carrying amount					
At 1 January 2020	**1,374**	**–**	**6**	**106**	**1,486**
At 31 December 2020	**1,298**	**–**	**4**	**123**	**1,425**
2019					
Cost					
At 1 January 2019	2,105	3	66	284	2,458
Additions	–	–	–	33	33
Disposals	–	–	–	(39)	(39)
Acquisition of a subsidiary	–	–	4	–	4
Transfer to held for sale	(231)	(3)	(6)	(14)	(254)
Re-classifications	–	–	–	(1)	(1)
Exchange differences	(62)	–	(4)	(6)	(72)
At 31 December 2019	1,812	–	60	257	2,129
Accumulated amortisation and impairment losses					
At 1 January 2019	(166)	(2)	(55)	(184)	(407)
Amortisation charge	–	(1)	(5)	(22)	(28)
Impairments	(291)	–	–	–	(291)
Disposals	–	–	–	39	39
Transfer to held for sale	10	3	3	12	28
Exchange differences	9	–	3	4	16
At 31 December 2019	(438)	–	(54)	(151)	(643)
Carrying amount					
At 1 January 2019	1,939	1	11	100	2,051
At 31 December 2019	1,374	–	6	106	1,486

1. Non-acquisition-related intangible assets include internally generated software with a carrying amount at 31 December 2020 of £52m (31 December 2019: £54m), additions in the year of £6m (2019: £17m), re-classifications of £1m (2019: £(1)m) and amortisation of £8m (2019: £7m). Included in the carrying amount of internally generated software as at 31 December 2020 was £48m (2019: £49m) relating to the 'Javelin' ERP system as explained on page 162.
2. Reclassification of £10m for the year represents the transfer of internally generated computer software from property, plant and equipment.

16. Intangible assets *continued*

Goodwill

A significant portion of the Group's goodwill was generated from the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

Goodwill impairment testing

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that it may be impaired. The Group's annual impairment test compares the carrying value of goodwill and other relevant non-current assets held by each cash-generating unit (CGU) with the recoverable amount of each CGU as at 31 December each year. An impairment is recognised when the recoverable amount of a CGU is less than the carrying value of goodwill and other relevant non-current assets.

Goodwill acquired in a business combination is allocated to the CGUs which are expected to benefit from that business combination. The Group has identified CGUs for goodwill impairment testing purposes on a country-level basis with each country divided into separate Cash Solutions and Secure Solutions CGUs where applicable. The CGUs are consistent with the way in which the Group's Chief Operating Decision Maker reviews performance.

The recoverable amount of a CGU is generally determined by its value in use which is derived from discounted cash flow calculations. The key inputs to the calculations are described below. If market prices can be ascertained (for example through recent transactions, by reference to normal industry standard multiples, or by using future forecast cash flows discounted to current value), and fair value less costs to sell exceeds the value in use, then fair value less costs to sell measured on a basis consistent with Level 3 of the fair value hierarchy is used to determine the recoverable amount (as described in note 3(g).

Forecast cash flows

All operating countries in the Group produce a budget for the next financial year (i.e. for the year ending 31 December 2021) and forecasts for the four years following the budget year (i.e. for the years ending 31 December 2022 to 31 December 2025) for both their Secure Solutions and Cash Solutions businesses. The budgets and forecasts are reviewed at segment and group level and are approved by the Group's Chief Operating Decision Maker. The budgets and forecasts form the basis of the estimated future cash flows used in the Group's impairment test.

The key assumptions that are made in determining the Group's budget and forecasts vary between CGUs. However, they typically include assumptions about the Group's ability to win and retain work (particularly as its existing contracts come to an end); the margins that will be achieved; and the Group's ability to control its fixed cost base. In making those assumptions, management assesses current run-rates, adjusted for known wins and losses and for expected changes in market conditions.

In undertaking the Group's impairment tests, the budgets and forecasts approved by the Group's Chief Operating Decision Maker are adjusted to the extent that events since they were developed (for example, the subsequent loss of contracts) indicate that they may no longer be achievable. In making such adjustments, particular attention is given to the final two years of the forecasts to ensure that the increased uncertainty inherent in the forecasts in later years and any additional risk affecting the forecast results for those years are adequately reflected.

Terminal values are projected by applying growth rates based on country-specific long-term inflation rates. Estimated future cash flows are discounted using country-specific risk-adjusted discount rates as described below.

Discount rates

The following key inputs are used to calculate country-specific discount rates for all CGUs:

Input	How determined
Risk-free rate (Group)	The Group's risk-free rate is based on the UK government's 20 year gilt/bond rates.
Adjusted risk-free rate (country specific)	Country-specific risk-free rates are derived for each CGU by adjusting the Group's risk-free rate for both the relevant inflation rate differential between the UK and that CGU's country and by applying an appropriate country-specific risk premium sourced primarily from the IMF and New York University websites as well as other studies by independent economists.
Unleveraged beta	Beta is a risk adjustment applied to the discount rate to reflect the risk of the Group's operating companies relative to the market as a whole. The Group's beta is estimated by performing an analysis of comparable multi-national listed companies and is adjusted for the appropriate leverage of the Group.
Debt margin	The Group applies a Group-wide debt margin to the country-specific risk-free rates to obtain a cost of debt for each CGU. The debt margin is determined by calculating the premium between the yield on a BBB- rated 15+ year UK benchmark bond and the UK risk-free rate.
Weighted-average cost of capital (pre-tax)	The weighted-average cost of capital is calculated by weighting the cost of equity and the cost of debt by the applicable debt to equity ratio at the year end.

CGUs with significant goodwill balances

Key information regarding the carrying amount and recoverable amount of goodwill and other non-current assets held within each of the Group's CGUs with significant goodwill balances and CGUs with goodwill that is particularly sensitive to reasonably possible changes in assumptions, is set out below (all amounts stated after the effect of impairments taken in the year):

	Goodwill 2020 £m	Goodwill 2019 £m	**Total carrying value (GW+NCA[1]) 2020 £m**	Total carrying value (GW+NCA[1]) 2019 £m	**Recoverable value 2020 £m**	Recoverable value 2019 £m	**Headroom 2020 £m**	Headroom 2019 £m
US Commercial Security Solutions	**402**	413	**447**	457	**1,719**	1,442	**1,272**	985
Netherlands Secure Solutions	**75**	72	**91**	89	**266**	170	**175**	81
UK Central Government Services	**225**	225	**227**	228	**402**	256	**175**	28
UK Secure Solutions	**107**	107	**125**	126	**344**	142	**219**	16
UK Business & Outsourcing Solutions	**65**	65	**72**	74	**179**	87	**107**	13
UK Facilities Management	**39**	39	**53**	55	**108**	55	**55**	–
Estonia Secure Solutions[2]	**27**	26	**35**	33	**43**	52	**8**	19
Brazil Secure Solutions[2]	**-**	32	**5**	36	**5**	43	**-**	7
Indonesia Secure Solutions	**20**	21	**20**	21	**30**	30	**10**	9
Chile Secure Solutions[2]	**-**	9	**1**	11	**1**	13	**-**	2
Greece Cash Solutions[2]	**-**	8	**7**	15	**7**	16	**-**	1
Global Risk Management[3]	**20**	35	**23**	41	**23**	N/A	**-**	N/A
UK Islands Cash Solutions[3]	**15**	15	**14**	14	**17**	N/A	**3**	N/A
Other (all allocated)	**303**	307	**732**	787	**N/A**	N/A	**N/A**	N/A
Total carrying amount	**1,298**	1,374	**1,852**	1,987	**N/A**	N/A	**N/A**	N/A

1. Non-current assets (NCA) comprise tangible and intangible fixed assets, all with finite useful economic lives.
2. At 31 December 2020, the recoverable values of Estonia Secure Solutions, Brazil Secure Solutions, Chile Secure Solutions and Greece Cash Solutions (2019: Estonia Secure Solutions, Brazil Secure Solutions and Greece Cash Solutions) were determined using fair value less costs to sell (see below). The recoverable amounts of all other CGUs have been determined based on value in use.
3. Global Risk Management and UK Islands Cash Solutions have been added to the above table during the year ended 31 December 2020 on the basis that they are now particularly sensitive to reasonably possible changes in assumptions.

Of the above, management is not aware of any reasonably possible change in key assumptions that would result in the headroom being eroded to nil in respect of the following CGUs, the recoverable amount of which was determined using value in use based on the following key assumptions:

	Discount rate 2020	Discount rate 2019	**Long-term growth rates 2020**	Long-term growth rates 2019	**Key assumptions**
US Commercial Security Solutions	**8.7%**	9.4%	**2.3%**	2.3%	Forecast cash flows based on 2021 budgets and plans for 2022 to 2025 which have been derived by management based on their knowledge of the past performance of the business adjusted for known or expected wins and losses of contracts and changes to the cost base of the business.
Netherlands Secure Solutions	**6.7%**	9.3%	**1.8%**	2.0%	
UK Central Government Services	**7.7%**	8.7%	**2.0%**	2.0%	
UK Secure Solutions	**7.5%**	8.2%	**2.0%**	2.0%	
UK Business and Outsourcing Solutions	**7.6%**	8.2%	**2.0%**	2.0%	

The following CGUs with material goodwill balances and other non-current assets balances were identified for which headroom was sensitive to a reasonably possible change in key assumptions.

16. Intangible assets *continued*

UK Facilities Management

The UK Facilities Management business provides facilities management services including cleaning, catering, maintenance and other management services to schools, hospitals and other customer sites across the UK. Goodwill was £39m at 31 December 2020 (2019: £39m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2021 budgets and plans for 2022 to 2025, a discount rate of 7.6% (2019: 8.2%) and a long-term growth rate of 2.0% (2019: 2.0%). The value in use exceeded the carrying value of the CGU by £55m (2019: £nil) as the business recovered from the unexpected loss of a major contract in late 2019 which represented a significant decline in the scale of that business.

The forecast cash flows are driven by assumptions around PBITA, which have been derived by assuming that existing contracts at 31 December 2020 will continue to be renewed unless the business has been notified of their loss or termination and that revenue and profit will increase in line with UK inflation. During the year ended 31 December 2019, the business recorded a goodwill impairment of £40m following the unexpected loss of a major contract that represented a significant decline in the scale of that business.

If the anticipated decline in PBITA between 2022 and 2025 accelerated by 10% and the long-term growth rate after 2025 was reduced to zero, headroom would decline to £20m. Similarly, if in isolation the discount rate was increased from 7.6% to 10.6% this would result in headroom declining to £14m.

Estonia Secure Solutions

The Estonia CGU provides manned guarding and monitoring systems within Estonia. Goodwill was £27m at 31 December 2020 (2019: £26m). The recoverable amount of £43m (2019: £52m), which exceeds the carrying value of the CGU by £8m (2019: £19m), is based on fair value less costs to sell since that was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 7.5x budgeted 2021 EBITDA (2019: 10.0x budgeted 2020 EBITDA on an IAS 17 basis).

The multiple of 7.5x was determined with reference to management's experience of recent transactions and publicly available data about global valuations of security businesses. A fall in the multiple to 6.1x would result in the headroom becoming eroded to £nil. The budgeted EBITDA for 2021 was developed through a bottom-up process based on the closing run-rate of the business in 2020. In the event that the business fails to achieve its budget, then a reduction in budgeted PBITA of 51%, or £1.1m, would result in the carrying value of the CGU equalling its recoverable amount.

Brazil Secure Solutions

The Brazil Secure Solutions CGU provides manned guarding, security and monitoring services and systems. The business recorded a goodwill impairment of £26m (2019: £35m) during 2020, fully impairing the goodwill held by the CGU. The impairment arose primarily from management's re-assessment of the ongoing business environment in Brazil against a background of continuing challenging trading conditions in that country and an ongoing adverse macro-economic environment.

Goodwill was £nil at 31 December 2020 (2019: £32m). The recoverable amount of £5m at 31 December 2020 has been based on fair value less costs to sell, since this was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 7.5x budgeted 2021 EBITDA. The multiple of 7.5x was determined with reference to management's experience of recent transactions and publicly available data about global valuations of security businesses. A fall in the multiple to 6.0x, which management believe would be reasonably possible, would result in an additional impairment of approximately £1m to the other non-current assets within the CGU. The budgeted EBITDA for 2021 was developed through a bottom-up process based on the closing run-rate of the business in 2020, adjusted to exclude the effect of one-off items incurred in 2020 and for known or expected changes in the business in 2021. In the event that the business fails to achieve its budget, then a reduction in budgeted EBITDA of 50%, or £0.3m, which management believes is reasonably possible in the light of experience with the business in 2020, would result in a further impairment of the CGU of approximately £3m.

During the year ended 31 December 2019, the business recorded a goodwill impairment of £35m following a rapid and unforeseen decline in its performance reflecting continuing challenging trading conditions in that country, an adverse macro-economic environment expected to continue for a prolonged period and a step-change in the cost base of the businesses. As a result, the recoverable amount of the Brazil Secure Solutions CGU at 31 December 2019 of £43m was determined based on fair value less cost to sell, since that was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 10.0x budget EBITDA on an IAS 17 basis of £4.3m. Management determined the multiple of 10.0x based on publicly available data about multiples obtained for recent support services transactions.

Indonesia Secure Solutions

The Indonesia Secure Solutions business provides security services within Indonesia. Goodwill was £20m at 31 December 2020 (2019: £21m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2021 budgets and plans for 2022 to 2025, a discount rate of 12.5% (2019: 11.0%) and a long-term growth rate of 4.9% (2019: 3.0%). The value in use exceeded the carrying value of the CGU by £10m (2019: £9m).

The forecast cash flows are driven by assumptions around PBITA and are particularly sensitive to the business' ability to achieve its 2020 budget, which is, in turn, dependent on the business being able to return margins to historic levels achieved prior to 2019. If it is unable to return PBITA to historic levels then the goodwill may become impaired.

In particular, if in isolation, either the forecast growth in PBITA falls by 33% in all periods or the discount rate was increased from 12.5% to 16.1% then the headroom will become eroded to £nil. If anticipated average PBITA growth up to 2025 is halved, which management believe is reasonably possible in the light of experience in 2020, then a goodwill impairment of £11m would arise.

Chile Secure Services

The Chile Secure Solutions business provides security services within Chile. The business recorded a goodwill impairment of £9m (2019: £nil) during 2020, fully impairing the goodwill held by the CGU. The impairment arose primarily from management's re-assessment of the ongoing business environment in Chile, which remains challenging and has resulted in the loss of some key contracts.

Goodwill was £nil at 31 December 2020 (2019: £9m). The recoverable amount of £1m at 31 December 2020 has been based on fair value less costs to sell, since this was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 7.5x budgeted 2021 EBITDA. The recoverable amount at 31 December 2019 of £13m, which exceeded the carrying value by £2m, was calculated using value in use based on forecast cash flows using 2020 budgets and plans for 2021 to 2024, a discount rate of 10.4% and a long-term growth rate of 3.0%.

The multiple of 7.5x was determined with reference to management's experience of recent transactions and publicly available data about global valuations of security businesses. A fall in the multiple to 6.0x, which management believe would be reasonably possible, would result in an additional impairment of approximately £1m to the other non-current assets within the CGU. The budgeted EBITDA for 2021 was developed through a bottom-up process based on the closing run-rate of the business in 2020, adjusted to exclude the effect of one-off items incurred in 2020 and for known or expected changes in the business in 2021. In the event that the business fails to achieve its budget, then a reduction in budgeted EBITDA of 50%, or £0.1m, which management believes is reasonably possible in the light of experience with the business in 2020, would result in a further impairment of the CGU of approximately £1m.

Greece Cash Solutions

The Greece Cash Solutions CGU provides cash solutions services in Greece and did not form part of the Cash Solutions sale to Brink's. The business recorded a goodwill impairment of £8m (2019: £nil) during 2020, fully impairing the goodwill held by the CGU. The impairment arose primarily from management's re-assessment of the future performance of the business in light of the decrease in the size of the business as a result of the Covid-19 pandemic.

Goodwill was £nil at 31 December 2020 (2019: £8m). The recoverable amount of £7m (2019: £16m), which equals the carrying value of the CGU (2019: exceed the carrying value of the CGU by £1m), is based on fair value less costs to sell since that was greater than its value in use, calculated using a Level 3 measure by applying a multiple of 10.8x budgeted 2021 PBITA (2019: 10.8x budgeted 2020 PBITA).

The multiple of 10.8x was determined with reference to the recent Brink's transaction. A fall in the multiple to 8.0x, which management believe would be reasonably possible, would result in an additional impairment of £2m to the other non-current assets within the CGU. The budgeted PBITA for 2021 was developed through a bottom-up process based on the closing run-rate of the business in 2020, adjusted to exclude the effect of one-off items incurred in 2020 and for known or expected changes in the business in 2021. In the event that the business fails to achieve its budget, then a reduction in budgeted PBITA of 50%, or £0.3m, which management believes is reasonably possible in the light of experience with the business in 2020, would result in a further impairment of the CGU of approximately £3m.

Global Risk Management

The Global Risk Management CGU provides security and consulting services in Iraq, Afghanistan and Africa. The business recorded a goodwill impairment of £15m (2019: £nil) during 2020 arising from management's re-assessment of the future performance of the business following significant declines in trading volumes, partly as a result the Covid-19 pandemic, which are expected to take a significant period to recover

Goodwill was £20m at 31 December 2020 (2019: £35m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2021 budgets and plans for 2022 to 2025, a discount rate of 14.8% and a long-term growth rate of 2.9%. The value in use equalled the carrying value of the CGU at 31 December 2020.

The forecast cash flows are driven by assumptions around revenue and PBITA margins and assume significant revenue growth, a return to profitability in 2021 and year-on-year increases in PBITA margins over the period to 2025. Should the forecast revenue growth fail to materialise or the business fail to return to the more usual PBITA margin that is included in the forecast, then further impairments may occur.

In particular, if in isolation, either forecast PBITA falls by 20% in all periods which management believes is reasonably possible in light of experience in 2020, or the long-term growth rate after 2025 was reduced to zero, or the discount rate was increased from 14.8% to 17.8% then a goodwill impairment of £7m would arise.

UK Islands Cash Solutions

The UK Islands Cash Solutions business provides cash Solutions services in Jersey and Guernsey and did not form part of the Cash Solutions sale to Brink's. Goodwill was £15m at 31 December 2020 (2019: £15m). The key assumptions supporting the value in use calculations are forecast cash flows based on 2021 budgets and plans for 2022 to 2025, a discount rate of 7.6% and a long-term growth rate of 2.0%. The value in use exceeded the carrying value of the CGU by £3m.

The forecast cash flows are driven by assumptions around revenue and PBITA margins which are expected to remain similar to those achieved in the year ended 31 December 2020. Should the forecast revenue fail to materialise or the business fail to maintain historic PBITA margins then the headroom would decline.

16. Intangible assets *continued*

If in isolation, forecast PBITA falls by 18% in all periods, the discount rate was increased from 7.6% to 8.9% or the terminal growth rate decreased to from 2.0% to 0.4% then the headroom would be eroded to £nil. A decline in forecast PBITA by 20% in all periods and a reduction in the terminal growth rate to zero, which management believes is reasonably possible in the light of experience in 2020, would result in an impairment of goodwill of approximately £3m.

Other CGUs – in aggregate

In total, the rest of the Group's CGUs reported goodwill of £303m (2019: £307m) which is supported by value in use calculations for each individual CGU.

Management consider it reasonably possible that overall discount rates could increase by an average of up to 3%, and if this applied to all other CGUs at the same time then an additional impairment in aggregate of approximately £2m would arise. Management also consider it reasonably possible that overall growth rates could decrease by an average of up to 3%, and if applied in isolation to all other CGUs at the same time then an additional impairment in aggregate approximately £3m would arise. The value in use calculations are also potentially sensitive to changes in forecast PBITA. Management considers it reasonably possible that forecast PBITA could decrease by an average of 15% for all years, and if this applied to all other CGUS as the same time then an additional impairment in aggregate of approximately £3m would arise.

17. Property, plant and equipment

2020	Land and buildings – purchased £m	Land and buildings – leased (RoU asset) £m	Equipment and vehicles – purchased £m	Equipment and vehicles – leased (RoU asset) £m	Total £m
Cost					
At 1 January 2020[1]	130	462	463	235	1,290
Additions	6	28	37	38	109
Disposals	(23)	(33)	(32)	(50)	(138)
Re-measurement of right-of-use (RoU) assets	–	6	–	–	6
Re-classifications[2]	–	(4)	(12)	(6)	(22)
Exchange differences	1	(3)	(11)	(2)	(15)
At 31 December 2020	114	456	445	215	1,230
Accumulated depreciation and impairment losses					
At 1 January 2020[1]	(48)	(292)	(298)	(151)	(789)
Depreciation charge	(7)	(43)	(47)	(47)	(144)
Disposals	8	28	25	47	108
Impairment	(2)	(1)	–	–	(3)
Re-classifications[2]	–	2	2	8	12
Exchange differences	–	2	9	2	13
At 31 December 2020	(49)	(304)	(309)	(141)	(803)
Carrying amount					
At 1 January 2020	82	170	165	84	501
At 31 December 2020	65	152	136	74	427

1. Restated for a re-classification in relation to fully depreciated assets.
2. Included within the reclassifications is an amount of £10m which relates to the transfers of internally generated computer software from property, plant and equipment to other intangible assets, as reflected in Note 16.

17. Property, plant and equipment *continued*

2019	Land and buildings – purchased £m	Land and buildings – leased (RoU asset) £m	Equipment and vehicles – purchased £m	Equipment and vehicles – leased (RoU asset) £m	Total £m
Cost					
At 1 January 2019	230	801	686	359	2,076
Additions	6	37	84	45	172
Disposals	(14)	(230)	(59)	(71)	(374)
Re-measurement of right-of-use (RoU) assets	–	3	–	–	3
Acquisition of a subsidiary	1	–	5	1	7
Transferred to held for sale	(78)	(122)	(221)	(59)	(480)
Re-classifications	(7)	4	(3)	(9)	(15)
Exchange differences	(7)	(26)	(29)	(13)	(75)
At 31 December 2019 – as reported	131	467	463	253	1,314
Restatement[1]	(1)	(5)	–	(18)	(24)
At 31 December 2019 – restated[1]	130	462	463	235	1,290
Accumulated depreciation and impairment losses					
At 1 January 2019	(112)	(544)	(458)	(234)	(1,348)
Depreciation charge	(11)	(67)	(68)	(58)	(204)
Disposals	14	223	47	65	349
Acquisition of a subsidiary	(1)	–	(4)	–	(5)
Transferred to held for sale	50	76	156	38	320
Re-classifications	6	(2)	7	11	22
Exchange differences	5	17	22	9	53
At 31 December 2019 – as reported	(49)	(297)	(298)	(169)	(813)
Restatement[1]	1	5	–	18	24
At 31 December 2019[1]	(48)	(292)	(298)	(151)	(789)
Carrying amount					
At 1 January 2019	118	257	228	125	728
At 31 December 2019	82	170	165	84	501

1. Restated for fully depreciated assets with a total cost of £24m comprising Land and buildings – purchased (£1m), Land and buildings – leased ROU assets (£5m) and Equipment and vehicles – leased ROU assets (£18m) which were disposed in 2019.

The net book value of equipment and vehicles includes £29m (2019: £26m) of assets leased by the Group to third parties under operating leases. Accumulated depreciation on these assets was £33m (2019: £28m) and the depreciation charge for the year was £9m (2019: £8m).

18. Investment in joint ventures

The following summarised aggregate financial information represents the Group's interest in joint ventures that are not material to the Group, based on the amounts reported in the Group's consolidated financial statements:

	2020 £m	2019 £m
Carrying amount of interests in joint ventures	**6**	8
Group's share of:		
Profit from continuing operations	**4**	5
Total comprehensive income	**4**	5

19. Inventories

	2020 £m	2019 £m
Raw materials	**7**	8
Work in progress	**13**	15
Finished goods including consumables	**84**	86
Total inventories	**104**	109

20. Investments

Investments of £52m (2019: £69m) comprise mainly listed securities and certificates of deposit stated at fair value based on quoted market prices consistent with Level 1 of the valuation hierarchy as explained in note 3(g). These amounts include £17m (2019: £43m) held by the Group's wholly-owned captive insurance subsidiaries where use of the investments is restricted to the settlement of claims against those subsidiaries.

21. Trade and other receivables

	Notes	**2020 £m**	2019 £m
Within current assets			
Accrued income	5	**170**	212
Trade receivables	5	**929**	948
Loss allowance	5	**(51)**	(46)
Receivables from customers in respect of cash-processing operations	23	**1**	1
Other receivables		**103**	91
Net investment in finance leases		**14**	14
Prepayments		**36**	49
Amounts due from construction contract customers	5	**16**	18
Break fee escrow[1]		**38**	–
Derivative financial instruments at fair value	27	**–**	–
Total trade and other receivables included within current assets		**1,256**	1,287
Within non-current assets			
Derivative financial instruments at fair value	27	**22**	8
Net investment in finance leases		**15**	19
Other receivables		**43**	30
Total trade and other receivables included within non-current assets		**80**	57

1. On 14 December 2020, the Group entered into an agreement with Allied to pay a sum of £38 million into an escrow account in relation to the break fee arising from the Cooperation Agreement entered into between the Group and Allied. The £38m held in escrow has been excluded from cash and cash equivalents on the basis of the restrictions on its availability for use by the Group. On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group resulting in G4S plc being released from any potential obligation to pay the break fee and the amount held in escrow in this respect was repaid on 9 April 2021.

Credit risk on trade receivables

The Group's customers are both large in number and dispersed geographically in around 90 countries. The Group performs various services for a number of UK Government agencies which, in total, comprised approximately 8% of the total trade receivables balance as at 31 December 2020 (2019: 6%). The Group considers these individual Government agencies to be separate customers due to the limited economic integration between each agency. Management is therefore satisfied that across the Group's total trade receivables as at 31 December 2020 there is no significant concentration risk. Group companies are required to follow the Group Finance guidelines with respect to assessing the credit-worthiness of potential customers. These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and assessments and obtaining additional security where required.

Credit terms vary across the Group and can range from 0 to 90 days to reflect the different risks within each country in which the Group operates.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other contract assets (being unbilled work in progress).

To measure the expected credit losses, trade receivables and other contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of at least 36 months before the end of the relevant reporting year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors that the Group considers would affect the ability of its customers to settle the receivables. The Group has identified the GDP rates of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in GDP rates. Management does not consider that a reasonably possible change in the estimation of expected credit losses would have a material impact on the results of the following year.

21. Trade and other receivables *continued*

On that basis, the loss allowance was determined as follows for both trade receivables and other contract assets:

	Current £m	1-30 days overdue £m	31-60 days overdue £m	61-180 days overdue £m	Over 181 days overdue £m	Total £m
Expected loss rate	**0.1%**	**0.8%**	**2.5%**	**6.5%**	**78.9%**	**4.6%**
Gross carrying amount – trade receivables and other contract assets (see note 5)	**847**	**125**	**40**	**46**	**57**	**1,115**
Loss allowance 31 December 2020	**(1)**	**(1)**	**(1)**	**(3)**	**(45)**	**(51)**

	Current £m	1-30 days overdue £m	31-60 days overdue £m	61-180 days overdue £m	Over 181 days overdue £m	Total £m
Expected loss rate	0.1%	0.8%	2.2%	3.8%	67.2%	3.9%
Gross carrying amount – trade receivables and other contract assets (see note 5)	891	128	45	53	61	1,178
Loss allowance 31 December 2019	(1)	(1)	(1)	(2)	(41)	(46)

The closing loss allowance for trade receivables and other contract assets as at 31 December 2020 reconciles to the opening loss allowance as follows:

	2020 £m	2019 £m
At 1 January	**(46)**	(55)
Increase in loss allowance	**(14)**	(14)
Amounts written off during the year	**5**	13
Unused amounts reversed[1]	**2**	6
Transfer to assets held for sale (see note 22)	**–**	2
Exchange differences	**2**	2
At 31 December	**(51)**	(46)

1. In 2019, unused amounts reversed included a £3m reversal relating to amounts recovered in the US that was recorded in net specific items.

The Group does not hold any collateral over these balances. The Group's DSO measure (days' sales outstanding) for continuing operations based on revenue from the last 90 days of the year is 55 days (2019: 54 days).

22. Disposal groups classified as held for sale

On 26 February 2020 the Group announced that it had reached an agreement to sell the majority of its conventional cash businesses to Brink's (the "Transaction") with expected proceeds of approximately £666m.

The entities subject to the transaction comprise principally all of the Group's conventional cash businesses in Belgium, Cyprus, Czech Republic, Dominican Republic, Hong Kong, Ireland, Malaysia, Netherlands, Romania, the Philippines, Estonia, Latvia, Lithuania, Kuwait, Luxembourg, Macau and Indonesia, along with some associated Secure Solutions businesses in those countries, and the Group's international logistics business.

As the disposal did not represent the Group's exit from providing cash-in-transit or cash-processing operations, the businesses subject to the disposal were not presented as discontinued operations as at 31 December 2019. Nevertheless, the assets and liabilities reported by the disposal group were separately presented within assets and liabilities of disposal groups, classified as held for sale in the consolidated statement of financial position.

During the year the Group completed the sale to Brink's of its international logistics business, as well as its conventional cash businesses in Belgium, Cyprus, Czech Republic, Dominican Republic, Hong Kong, Ireland, Malaysia, Netherlands, Romania, the Philippines, Indonesia, Estonia, Latvia and Lithuania along with some associated Secure Solutions businesses in those countries, receiving 83% of the proceeds expected from the sale agreement with Brink's. The conventional cash businesses in Macau, Kuwait and Luxembourg which have been sold to Brink's but for which the sales had not completed as at 31 December 2020 remain within the held for sale category and a summary statement of financial positions in respect of these entities is provided below.

Revenue from businesses not yet completed and included in the disposal group as at 31 December 2020 was £49m (2019: £623m) and Adjusted PBITA was £7m (2019: £75m).

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2020 £m	2019 £m
Assets		
Goodwill	**14**	221
Acquisition-related intangible assets	**–**	3
Property, plant and equipment and non-acquisition-related intangible assets	**11**	161
Deferred tax assets	**–**	18
Trade and other receivables[1]	**10**	122
Inventories	**1**	6
Cash and cash equivalents	**20**	203
Comprising:		
Cash at bank and at hand	**20**	129
Stocks of money within cash processing operations[2]	**–**	41
Cash in ATMs	**–**	33
Total assets of disposal groups classified as held for sale	**56**	734
Liabilities		
Trade and other payables[2]	**(6)**	(136)
Lease liabilities	**(8)**	(77)
Tax liabilities	**(1)**	–
Bank loans	**–**	(1)
Retirement benefit obligations	**(5)**	(57)
Provisions	**–**	(8)
Deferred tax liability	**–**	(1)
Total liabilities of disposal groups classified as held for sale	**(20)**	(280)
Net assets of disposal groups	**36**	454

1. Net of trade receivable loss allowance of £nil (2019: £2m).
2. Trade and other payables includes £nil (2019: £41m) of cash processing liabilities related to stocks of money held within cash-processing operations.

The Disposal Group was tested for impairment at the date of classification as held for sale and the Group determined that the Disposal Group's fair value less costs to sell was in excess of its carrying value and therefore no impairment was required.

23. Cash, cash equivalents and bank overdrafts

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers. These services include the collection, segregated storage and delivery of customer cash, with title to the cash handled remaining with the customer throughout the process. The cash involved in these services is never recorded in the Group's balance sheet.

A number of other cash-processing services are provided to customers, such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts. These funds, which are generally settled within two working days, are classified as "funds within cash-processing operations", along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications as shown in the following table:

Funds within cash-processing operations	2020 £m	2019 £m
Stocks of money, included within cash and cash equivalents	**50**	31
Overdraft facilities related to cash-processing operations, included within bank overdrafts	**(18)**	(13)
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(33)**	(19)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**1**	1
Funds within cash-processing operations (net)	**–**	–

As at 31 December 2020, businesses with stocks of money of £nil (2019: £41m); overdraft facilities of £nil (2019: £3m) and liabilities to customers of £nil (2019: £44m) were reported within the assets and liabilities of disposal groups held for sale (see note 22).

Whilst these cash and bank balances are not formally restricted by legal title, they are restricted by the Group's own internal policies to ensure that they are not used for the purposes of the Group's own operations. For the purposes of the Group's consolidated statement of cash flow, funds within cash-processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the year per the consolidated statement of financial position to the corresponding balances included within the consolidated statement of cash flow is as follows:

	2020 £m	2019 £m
Cash and cash equivalents in the consolidated statement of financial position	**1,504**	745
Bank overdrafts in the consolidated statement of financial position	**(333)**	(367)
Cash, cash equivalents and bank overdrafts included within disposal groups classified as held for sale	**20**	203
Total cash, cash equivalents and bank overdrafts	**1,191**	581
Add:		
Liabilities to customers in respect of cash-processing operations, included within trade and other payables	**(33)**	(19)
Receivables from customers in respect of cash-processing operations, included within trade and other receivables	**1**	1
Included within disposal group liabilities classified as held for sale	**–**	(44)
Cash, cash equivalents and bank overdrafts at the end of the year in the consolidated statement of cash flows	**1,159**	519

Cash and cash equivalents comprise principally short-term deposits, current account balances and Group-owned cash held in ATM machines. At 31 December 2020 cash and cash equivalents earned interest at a weighted-average rate of 0.89% (2019: 1.37%). The credit risk on cash and cash equivalents is limited because wherever possible, and in accordance with Group Treasury policy, the cash is placed with bank counterparties that hold investment grade credit ratings assigned by international credit-rating agencies.

Cash and cash equivalents of £110m (2019: £82m) are held by the Group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the Group's captive insurance subsidiaries.

24. Bank overdrafts, bank loans and loan notes

	2020 £m	2019 £m
Within current liabilities		
Bank overdrafts	**333**	367
Bank loans	**267**	22
Loan notes	**299**	56
Total bank overdrafts, bank loans and loan notes included within current liabilities	**899**	445
Within non-current liabilities		
Bank loans	**15**	533
Loan notes	**1,722**	1,656
Total bank overdrafts, bank loans and loan notes included within non-current liabilities	**1,737**	2,189

The table below sets out the details of Group's loan notes and bank loans all of which are measured at amortised cost.

	Currency	Amount	Maturity	Interest %	Carrying amount 2020 £m	Carrying amount 2019 £m
Private placement 2007[1]	USD	105m	Mar-22	6.06	**81**	85
Private placement 2008	USD	75m	Jul-20	6.88	–	56
Private placement 2019	USD	162m	May-26	4.90	**118**	122
Private placement 2019	USD	188m	May-29	5.12	**138**	141
Commercial paper	GBP	300m	May-21	0.65	**299**	–
Total private loan notes					**636**	404
Public bond 2016	EUR	500m	Jan-23	1.50	**447**	422
Public bond 2017[2]	EUR	500m	Jun-24	1.50	**448**	423
Public bond 2018	EUR	550m	May-25	1.88	**490**	463
Total public loan notes					**1,385**	1,308
Term credit facility	USD	350m	Aug-21	Floating	**256**	264
Revolving credit facility[3]	GBP	650m	Aug-24	Floating	–	240
Other bank loans	Various	Various	Various	Floating	**26**	51
Total bank loans					**282**	555

1. \$105m (2020: £77m, 2019: £79m) of private loan notes are held in a fair value hedge relationship and are re-measured to reflect the fair value of the hedged risk. The effect of this re-measurement was a cumulative £5m increase being included in the carrying amount shown above (2019: £6m).
2. €100m (2020: £90m, 2019: £85m) of the May 2017 public bonds are held in a fair value hedge relationship and are re-measured to reflect the fair value of the hedged interest rate risk. The effect of this re-measurement was a cumulative £3m increase being included in the carrying amount shown above (2019: £2m).
3. Of the £650m revolving credit facility, £136m matures in August 2024 with the remaining £514m maturing in August 2025. As at 31 December 2020 this facility was undrawn (2019: £240m drawn down).

On 13th May 2020 the Group issued £300m of commercial paper maturing in May 2021 under the Bank of England's Covid Corporate Financing Facility. The Group repaid US$75m of US private loan notes bearing interest rates of 6.88% in July 2020. Following the sale of the conventional cash business in March, the Group reduced the amount available to draw under the RCF by £100m to £650m. In June 2020 the Group also exercised the second option to extend the term of the RCF by a further year, resulting in £136 million maturing in 2024 and £514 million maturing in 2025. As at 31st December 2020 this facility was undrawn (2019: £240m drawn down).

The Group's average cost of gross borrowings, net of interest hedging and excluding lease liabilities, was 2.8% (2019: 3.6%).

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods (see note 28 for details).

24. Bank overdrafts, bank loans and loan notes *continued*

Fair value

The carrying amount and fair value of loan notes are summarised in the table below. The carrying amount of bank overdrafts and other bank loans is not considered to be materially different to the fair value due to their short-term nature or due to loans being subject to floating interest rates.

	Level[1]	**Carrying amount 2020 £m**	**Fair value 2020 £m**	Carrying amount 2019 £m	Fair value 2019 £m
Public loan notes	1	**1,385**	**1,395**	1,308	1,343
Private loan notes	2	**636**	**652**	404	414

1. Fair value hierarchy level, as explained in note 3(g).

The fair values of the Group's public loan notes are determined using Level 1 inputs as explained in note 3(g). The fair values of Group's private loan notes are measured using techniques consistent with Level 2 of the valuation hierarchy and are calculated using discounted cash flow models. The relevant currency-yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in notes 28 and 37.

25. Leases

Lessee arrangements

The Group has a large number of leases dispersed geographically in around 80 countries. Approximately two thirds of the Group's lease liabilities relate to properties and the other third relates to vehicles and equipment. The majority of the Group's leases have a lease term between 1 and 5 years.

The balance sheet shows the following lease liabilities:

	2020 £m	2019 £m
Lease liabilities:		
Current	**87**	89
Non-current	**191**	221
Total	**278**	310

The maturity analysis of lease liabilities is disclosed in note 28. The analysis of right-of-use assets including additions and depreciation is set out in note 17. The interest expense in relation to lease liabilities is disclosed in note 10. The expenses in relation to short-term leases and leases of low-value assets are set out in note 7. The total cash outflow for leases was £141m (2019: £196m).

Extension and termination options are included in a number of leases across the Group. These options offer additional flexibility in the use of assets for the Group's operations. Extension or termination options are included in the lease term if the lease is reasonably certain to be extended or terminated. Extension or termination options and, to a lesser extent, future variable lease payments not included in the measurement of lease liabilities amounted to £4m (2019: £20m).

Lessor arrangements

The Group acts as a lessor in a limited number of arrangements. These mainly relate to the lease of smart safes, cash recycling equipment, and right-of-use assets related to those assets leased to the Group's customers. Where it acts as a lessor, the Group assesses whether the lease to its customer is a finance or operating lease based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset, or right-of-use asset as applicable, transfer to the customer. The discounted future cash flows expected to be received from assets leased out under finance leases are recognised as net investment in finance leases. At 31 December 2020 the net investment receivable from finance leases was £29m (2019: £33m, see note 21). The main movements in the net investment in finance leases were amounts received of £12m (2019: £13m) and new leases of £8m (2019: £8m). The maturities of the undiscounted lease payments are set out in the following table:

	2020 £m	2019 £m
Less than one year	**13**	13
Between one and two years	**8**	10
Between two and three years	**5**	6
Between three and five years	**4**	4
Interest	**(1)**	(2)
Net investment receivable from finance leases	**29**	31

The Group also recognised £7m (2019: £8m) of income from operating leases. The maturities of the undiscounted payments to be received for operating leases are as follows:

	2020 £m	2019 £m
Less than one year	3	7
Between one and two years	2	6
Between two and three years	1	1

26. Trade and other payables

	Notes	2020 £m	2019 £m
Within current liabilities			
Trade payables		186	201
Amounts due to construction-contract customers	5	1	2
Other taxation and social security costs[1]		273	169
Holiday pay and other wage-related accruals		326	338
Liabilities to customers in respect of cash-processing operations	23	33	19
Other payables		88	80
Other accruals		239	212
Deferred income	5	69	58
Total trade and other payables included within current liabilities		1,215	1,079
Within non-current liabilities			
Derivative financial instruments at fair value	27	12	32
Deferred income	5	7	4
Other payables		16	5
Total trade and other payables included within non-current liabilities		35	41

1. Creditors in respect of other taxation and social security costs in the current year include £114m relating to payroll tax and indirect tax deferrals in certain countries relating to Covid-19.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases for continuing operations is 42 days (2019: 38 days).

27. Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date are presented below:

	Assets 2020 £m	Liabilities 2020 £m	Assets 2019 £m	Liabilities 2019 £m
Interest rate swaps – fair value hedges	7	–	8	–
Interest rate swaps – not in a hedging relationship	–	–	–	–
Cross currency swaps – cash flow hedges	9	12	–	32
Cross currency swaps – net investment hedges	6	–	–	–
Total	22	12	8	32
Current portion	–	–	–	–
Non-current portion	22	12	8	32
Total	22	12	8	32

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group's exposure to financial risk includes: interest rate risk on the Group's variable rate borrowings; fair value risk on the Group's fixed rate borrowings; and foreign exchange risk on transactions, including translation of the Group's results and net assets measured in foreign currencies. The Group can manage these risks using a range of derivative financial instruments but mainly employs interest rate swaps and cross currency interest rate swaps.

Derivatives are presented as current assets or liabilities to the extent they are to be settled within 12 months after the end of the reporting period. Changes in the fair value of derivative instruments that are not designated or do not qualify for hedge accounting are recognised in the consolidated income statement immediately.

The Group's hedge accounting policy is set out in note 3(g). Further information about the derivatives used by the Group is provided in note 28.

27. Derivative financial instruments *continued*

Fair value

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy as explained in note 3(g). Their fair values are calculated using discounted cash flow models. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date and finally adjusted to allow for any relevant credit risk.

Hedging reserves

The hedging reserves include the cash flow hedge reserve and the cost of hedging reserve. The cash flow hedge reserve records the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The cost of hedging reserve includes the deferred currency basis spread from cross currency interest rate swaps used for cash flow hedging and also the deferred currency basis spread and forward points from cross currency interest rate swaps used for net investment hedging. Amounts accumulated in these reserves are re-classified to the consolidated income statement in the periods in which the hedged item affects the consolidated income statement (see note 3(g)).

The cost of hedging reserve is comprised of the amount deferred from cash flow hedges net of tax, which was a loss of £9m (2019: £3m) and the amount deferred from net investment hedges, which was a loss of £9m (2019: £6m).

The Group's hedging reserves are disclosed in note 33 and are analysed in detail below:

	Cost of hedging reserve 2020 £m	**Cash flow hedge reserve 2020 £m**	**Total hedging reserves 2020 £m**	Cost of hedging reserve 2019 £m	Cash flow hedge reserve 2019 £m	Total hedging reserves 2019 £m
At 1 January	**(9)**	**8**	**(1)**	(3)	12	9
Add: change in fair value[1]	**(11)**	**40**	**29**	(7)	(66)	(73)
Less: transferred to income statement[2]	**–**	**(46)**	**(46)**	–	60	60
Less: deferred tax	**2**	**(1)**	**1**	1	2	3
At 31 December	**(18)**	**1**	**(17)**	(9)	8	(1)

1. Recognised in other comprehensive income.
2. The amount transferred to the consolidated income statement was offset by an equal and opposite foreign exchange movement arising on the hedged loan notes so that the net impact on the consolidated income statement was £nil.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and periodically thereafter on a qualitative basis throughout the life of the hedge relationship. The qualitative assessment identifies whether any sources of ineffectiveness have been introduced.

The qualitative assessment is performed by verifying and documenting whether an economic relationship between the hedged item and the hedging instrument continues to exist and that the effect of credit risk does not dominate value changes that result from the economic relationship. Additionally, the assessment verifies that the hedged ratio remains the same as that resulting from the quantity of the hedged item that the entity hedges and quantity of the hedging instrument that entity uses to hedge the quantity of hedged item. Assuming there are no changes to the terms of the hedging instrument/hedged item, and/or to the risk management policies and objectives, the hedge will be considered to be highly effective.

Cross currency interest rate swaps

The Group uses the cumulative dollar offset method to assess the effectiveness of its hedges. This method calculates the ratio of the cumulative changes in the fair value of the hedging instrument (excluding credit risk and excluding currency basis spread), divided by the cumulative changes in fair value of the hypothetical derivative (which does not include credit risk or currency basis) attributable to changes in the hedged risk. The hypothetical derivative is used as a proxy for the net present value of the hedged future cash flows of the hedged item and would result in the hedging instrument perfectly hedging the hedged risk based on market prices at the date of designation.

Potential sources of ineffectiveness:

- Cash flow hedging – Potential changes in the actual settlement date (timing) and/or settlement amount could result in hedge ineffectiveness.
- Net investment hedging – Potential changes in the carrying amount of the hedged asset (particularly impairment) may result in the asset becoming over-hedged. G4S does not anticipate such impairments but reviews such arrangements on a periodic basis to ensure no over-hedging exists.
- Credit risk – Credit risk exists in the hedging instrument, but not in the hedged item. Credit risk is not anticipated to be of a magnitude such that it dominates fair value changes.

There was no ineffectiveness recorded during 2020 or 2019 in relation to cross currency swaps.

Interest rate swaps

The hedging instrument is carried at its fair value with any changes in fair value taken to the income statement. The change in fair value of the hedged risk, as measured by the change in fair value of hedged cash flows attributable to changes in the base currency LIBOR curve, adjusts the carrying amount of the debt and is also recorded in the income statement.

The net effect recorded in the consolidated income statement for 2020 was £nil (2019: £nil).

28. Financial risk

The board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's financial risk management is predominantly delegated to and controlled by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury evaluates and hedges financial risks in close co-operation with the Group's operating units.

Where all relevant criteria are met, hedge accounting is applied to remove mismatches between the accounting for hedging instruments and hedged items. The effect of this accounting is effectively to recognise interest expense at a floating rate for the hedged fixed rate loan notes and to recognise Euro bond debt and part of the USD USPP debt at a fixed currency exchange rate to Sterling.

The Group documents the economic relationship between derivatives designated as hedging instruments and hedged items at the inception of the hedge, including its risk management objective and strategy for undertaking the hedge transaction. The Group further documents the expected outcome of the hedge i.e. whether forecast cash flows offset for cash flow hedges, fair value movements offset for fair value hedges and foreign exchange movements offset for net investment hedges.

Financial assets and liabilities by category

	Note	Category	2020 £m	2019 £m
Financial assets				
Cash and cash equivalents	23	Amortised cost[1]	**1,504**	745
Investments	20	Fair value	**52**	69
Trade receivables	21	Amortised cost[1]	**929**	948
Loss allowance	21	Amortised cost[1]	**(51)**	(46)
Other receivables[3]	21	Amortised cost[1]	**133**	103
Receivables from customers in respect of cash processing operations	21	Amortised cost[1]	**1**	1
Net investment in finance leases	21	Amortised cost[1]	**29**	33
Amounts due from construction contract customers	21	Amortised cost[1]	**16**	18
Derivative financial instruments at fair value	27	Fair value[2]	**22**	8
Financial assets included within disposal groups held for sale[3]	22	Amortised cost[1]	**28**	308
Break fee escrow	21	Amortised cost[1]	**38**	–
Total[4]			**2,701**	2,187
Financial liabilities				
Bank overdrafts	23	Amortised cost[1]	**(333)**	(367)
Bank loans	24	Amortised cost[1]	**(282)**	(555)
Loan notes	24	Amortised cost[1]	**(2,021)**	(1,712)
Lease liabilities	25	Amortised cost[1]	**(278)**	(310)
Trade payables	26	Amortised cost[1]	**(186)**	(201)
Amounts due to construction contract customers	26	Amortised cost[1]	**(1)**	(2)
Liabilities to customers in respect of cash processing operations	26	Amortised cost[1]	**(33)**	(19)
Other payables[3]	26	Amortised cost[1]	**(92)**	(77)
Other accruals[3]	26	Amortised cost[1]	**(237)**	(209)
Derivative financial instruments at fair value	27	Fair value[2]	**(12)**	(32)
Financial liabilities included within disposal groups held for sale[3]	22	Amortised cost[1]	**(12)**	(174)
Total			**(3,487)**	(3,658)

1. The fair value of financial assets and liabilities held at amortised cost is considered to be materially the same as their carrying value, except for the loan notes for which the fair value is disclosed in note 24.
2. Refer to note 27 for hedge accounting designation.
3. The amounts included above relating to the other receivables, other payables, other accruals and financial assets and liabilities included within disposal groups held for sale all exclude any non-financial assets included within the amounts reported in the relevant notes.
4. The Group’s maximum credit risk exposure as at 31 December 2020 is £2,701m (2019: £2,187m).

28. Financial risk *continued*

Capital management

In March 2020, Standard & Poor's re-affirmed the Group's long-term credit rating at BBB- (stable). The Group's policy is to continue to manage its capital structure to retain an investment-grade rating.

The Group's policy objective is a net debt to Adjusted EBITDA ratio of between 2.0x and 2.5x. At the end of 2020 the ratio was 2.32x (2019: 2.88x).

In May 2020 the Group issued £300m of commercial paper maturing in May 2021 paying 0.65% (see note 24).

Following the sale of the majority of the Group's conventional cash business, the Group reduced the amount available to draw under the Revolving Credit Facility ('RCF') by £100m to £650m. In June 2020 the Group also exercised the second option to extend the term of the RCF by a further year, resulting in £136m maturing in 2024 and £514m maturing in 2025. As at 31 December 2020 this facility was undrawn (2019: £240m drawn down).

The Group also cancelled the undrawn bridge facility which had been reduced from £300m to £200m in March 2020

The debt maturities in 2020 comprise the $75m US private placement notes repaid in July 2020. Overall the debt portfolio has a medium to long-term debt maturity profile and the Group remains well placed to access finance from the debt-capital markets and from the bank market. Borrowings are principally in Sterling, US Dollars and Euros reflecting the geographies of the Group's significant operational assets and profits.

The committed bank facilities and the private loan notes are subject to a financial covenant of 3.5x net debt to Adjusted EBITDA ratio (where Adjusted EBITDA is based on Group Adjusted PBITA before depreciation and amortisation of non-acquisition-related intangible assets) adjusted to exclude investments and the effect of adopting IFRS 16 – Leases. Non-compliance with the covenant may lead to an acceleration of maturity.

During the 2020 and 2019 reporting periods the Group has complied with the financial covenants of its borrowing facilities and has not defaulted on, or breached, the terms of any material loans.

On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group. The acquisition of the Group has triggered certain change of control rights in the Group's borrowing agreements and this, coupled with scheduled debt redemptions, means that approximately £2.2 billion of the Group's outstanding borrowings will require repayment in 2021. The Group's £650m revolving credit facility, which was undrawn as at 31 December 2020, was also cancelled in full on the 13 April 2020 as required under its change of control clause and is no longer available to draw. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9 billion of intragroup lending from Allied to G4S and partially to mitigate the impact of the cancellation of the revolving credit facility by providing G4S with access to a €300m revolving credit facility via Atlas UK Bidco Limited.

Liquidity risk

The Group mitigates liquidity risk by ensuring there are sufficient undrawn committed facilities available to it. For more details of the Group's bank overdrafts, bank loans and loan notes see note 24.

The percentage of the available committed Revolving Credit Facility that was undrawn during the course of the year was as follows:

31 December 2019	68%
31 March 2020	46%
30 June 2020	100%
30 September 2020	100%
31 December 2020	100%

To reduce re-financing risk, Group Treasury obtains finance with a range of maturities to minimise the impact of a single material source of finance terminating on a single date. The risk is further reduced by opening negotiations either to replace or extend any major medium-term facility at least 12 months before the maturity date.

Maturity profile of loans and borrowings

The table below analyses the Group's financial liabilities presented within borrowings and related hedging derivative instruments into relevant maturity groupings based on their contractual undiscounted cash flow maturities. Other financial liabilities are set out in note 26.

Contractual maturities as at 31 December 2020	Within 1 year £m	Between 1 and 3 years £m	Between 3 and 5 years £m	Over 5 years £m	Total £m
Non-derivatives					
Bank overdrafts[1]	315	–	–	–	315
Bank loans	270	4	1	9	284
Private loan notes	318	105	26	284	733
Public bonds	23	493	966	–	1,482
Lease liabilities	98	119	51	58	326
Total non-derivatives	1,024	721	1,044	351	3,140
Derivatives					
Interest rate swaps[2]	(4)	(3)	–	–	(7)
Cross currency swaps[3]:					
(Inflow)	(36)	(313)	(1,112)	(251)	(1,712)
Outflow	48	337	1,081	258	1,724
Total derivatives	8	21	(31)	7	5

Contractual maturities as at 31 December 2019	Within 1 year £m	Between 1 and 3 years £m	Between 3 and 5 years £m	Over 5 years £m	Total £m
Non-derivatives					
Bank overdrafts[1]	354	–	–	–	354
Bank loans	35	295	251	12	593
Private loan notes	78	113	26	306	523
Public bonds	21	43	883	474	1,421
Lease liabilities	103	143	63	61	370
Total non-derivatives	591	594	1,223	853	3,261
Derivatives					
Interest rate swaps[2]	(3)	(5)	(1)	–	(9)
Cross currency swaps[3]:					
(Inflow)	(35)	(70)	(980)	(615)	(1,700)
Outflow	49	98	1,015	623	1,785
Total derivatives	11	23	34	8	76

1. Excluding cash and overdraft balances in respect of cash-processing operations (see note 23).
2. Interest rate swaps are net settled.
3. Cross currency swaps are gross settled.

Analysis of the Group's financial liabilities presented within borrowings by currency, before hedging, is as follows:

	Sterling £m	Euros £m	US dollars £m	Other £m	Total £m
Bank overdrafts	262	3	23	45	333
Bank loans	–	–	260	22	282
Loan notes	299	1,385	337	–	2,021
At 31 December 2020	561	1,388	620	67	2,636
Bank overdrafts	310	5	6	46	367
Bank loans	240	–	269	46	555
Loan notes	–	1,308	404	–	1,712
At 31 December 2019	550	1,313	679	92	2,634

28. Financial risk *continued*

Set-off of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There were no material amounts offset in the consolidated statement of financial position or associated with enforceable master netting agreements.

Market risk

Currency risk and forward-currency contracts

The Group conducts business in many countries but, wherever possible, each business operates and conducts its financing activities in local currency limiting transactional currency risk. The Group presents its consolidated financial statements in Sterling and is therefore subject to foreign-exchange risk due to the translation of the results and net assets of its foreign subsidiaries.

Cross currency swaps held in cash flow hedges

Cross currency swaps are designated as cash flow hedges against the final settlement of Euro-denominated public bonds to mitigate the functional currency cash flow exposure on principal and interest payments. The Group's policy is to hedge against movements in spot rates. Inherent forward points are seen as an unavoidable cost of hedging and are recognised in other comprehensive income and included in the cost of hedging reserve.

Nominal value	Hedged risk	Maturity	Hedge ratio	Effective exchange rate	**Change in value of hedging instrument 2020 £m**	**Change in value of hedged item[1] 2020 £m**	Change in value of hedging instrument 2019 £m	Change in value of hedged item[1] 2019 £m
£244m	€270m	Jan-23	1:1	1.1088	**11**	**(11)**	(17)	17
£346m	€400m	Jun-24	1:1	1.1570	**13**	**(13)**	(24)	24
£350m	€400m	May-25	1:1	1.1440	**15**	**(15)**	(22)	22
£124m	US$162m	May-26	1:1	1.3029	**(1)**	**1**	(1)	1
£115m	US$150m	May-29	1:1	1.3029	**2**	**(2)**	(2)	2
Total					**40**	**(40)**	(66)	66

1. Used to determine effectiveness.

Hedging: net investment hedges

Treasury policy is to manage significant translation risks in respect of net operating assets held in foreign currencies and its consolidated net debt to Adjusted EBITDA ratio by holding foreign currency denominated loans and cross currency swaps.

Adjustments arising on the translation of foreign currency loans and on changes in the fair value of cross currency swaps meeting hedge accounting criteria are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges. Translation adjustments arising on intercompany loans the Group has identified as quasi-equity in nature are also recognised in equity.

Items held in net investment hedges

Hedging instrument	Maturities	Hedge ratio	**Change in value of hedging instrument 2020 £m**	**Change in value of hedged item 2020 £m**	Change in value of hedging instrument 2019 £m	Change in value of hedged item 2019 £m
Loan notes	Mar-22 – Mar-29	1:1	**3**	**(3)**	10	(10)
Public bonds	Jan-23 – May-25	1:1	**26**	**(26)**	25	(25)
Cross currency swaps	Jun-24	1:1	**(10)**	**10**	14	(14)
Bank overdrafts	Short-term	1:1	**(2)**	**2**	(3)	3
Total			**17**	**(17)**	46	(46)

At 31 December 2020 the nominal amount of the hedging instruments held in net investment hedges was £864m (2019: £899m) and the nominal amounts of the hedged risk were $592m and €480m (2019: $651m and €482m). The items held in a net investment hedge mitigate the net asset translation exposure arising from movements in non-functional currencies. Where applicable, any 'costs of hedging' are deferred to the cost of hedging reserve (as set out in note 3(g)).

The balance remaining in the translation reserve from discontinued hedging relationships is a loss of £51m (2019: £81m).

At 31 December 2020, the Group had hedged approximately 47% (2019: 69%) of US dollar denominated net assets and 85% (2019: 88%) of Euro denominated net assets.

Sensitivity

The effect on profit after tax and other components of equity of a 10% strengthening of Sterling against Euro and US dollar is shown below. A 10% weakening would result in an equal and opposite impact on the profit after tax and other components of equity of the Group.

	Impact on profit after tax 2020 £m	**Impact on other components of equity 2020 £m**	Impact on profit after tax 2019 £m	Impact on other components of equity 2019 £m
Gain/(loss) from Sterling strengthening 10% against Euro[1]	**(12)**	**36**	(7)	24
Gain/(loss) from Sterling strengthening 10% against US dollar[1]	**(3)**	**27**	1	29

1. Holding all other variables constant

Interest rate risk and interest rate swaps

A significant portion of the Group's debt is issued at fixed rate, but where there are borrowings at floating rates the Group is exposed to cash flow interest rate risk. This risk is largely offset by cash holdings also at floating rates. Therefore, Group policy is to maintain a proportion of its debt (within the range 25%-75%) at fixed rates, using interest rate swaps where necessary. As at 31 December 2020, 72% (2019: 64%) of the Group's borrowings, excluding lease liabilities, were held at fixed rates.

Interest rate swaps are currently held to convert part of the fixed loan note and public bond debt to variable rates. These are held in a fair value hedge relationship with the debt items as identified in note 24. A summary of these is shown below:

Debt item hedged	Maturity	Notional amount	Fixed rate %	Variable rate basis bps	Rate after hedging %	Hedge ratio	**Change in value of hedging instrument 2020 £m**	**Change in value of hedged item 2020 £m**
Loan notes – USPP 2007	Mar-22	US$105m	6.06	LIBOR +64.01	1.00	1:1	**(2)**	**2**
Public bond 2017	Jun-24	€100m	1.5	EURIBOR +64.01	0.94	1:1	**1**	**(1)**

Debt item hedged	Maturity	Notional amount	Fixed rate %	Variable rate basis bps	Rate after hedging %	Hedge ratio	Change in value of hedging instrument 2019 £m	Change in value of hedged item 2019 £m
Loan notes – USPP 2007	Mar-22	US$105m	6.06	LIBOR +64.01	2.73	1:1	(1)	1
Public bond 2017	Jun-24	€100m	1.5	EURIBOR +64.01	0.86	1:1	1	(1)

The swap contracts require settlement of net interest receivable or payable semi-annually. The settlement dates coincide with the dates that interest is payable on the underlying debt with the exception of the public bond where interest is paid annually.

All three public bonds have a coupon step-up of 1.25% which is triggered if the credit rating of G4S plc falls below investment grade.

Sensitivity

The Group's core borrowings are held in US dollar, Euro and Sterling. Although the impact of rising interest rates is partly shielded by fixed rate loans and interest rate swaps which provide certainty on the majority of the exposure, some interest rate risk remains. A 1% increase in interest rates across all borrowings would lead to an additional interest charge of approximately £8m (2019: £9m).

Other components of equity changing as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings: A 1% increase in interest rates would result in a £2m gain in reserves (2019: £4m gain). A 1% decrease would result in £2m loss in reserves (2019: £4m).

28. Financial risk *continued*

Counterparty credit risk

The Group's strategy for credit risk management is to set minimum credit ratings for counterparties and to monitor these on a regular basis.

For treasury-related transactions, the Group's policy limits the aggregate credit risk assigned to a counterparty. The utilisation of a credit limit is calculated by applying a weighting to the notional value of each transaction outstanding with each counterparty based on the type and duration of the transaction. The total mark-to-market value outstanding with each counterparty is also closely monitored against policy limits assigned to each counterparty. For short-term transactions (under one year), the financial counterparty must be investment-grade rated by either the Standard & Poor's or Moody's rating agencies. For long-term transactions, unless otherwise approved, the financial counterparty must have a minimum rating of BBB+/Baa1 from Standard & Poor's or Moody's.

Treasury transactions are dealt with through the Group's relationship banks, all of which have a strong investment grade rating. Therefore, the credit risk on derivative transactions is not significant.

The Group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A-rated bank.

At year end, balances in deposit of £435m (2019: £331m) were pooled with overdraft balances of £302m (2019: £345m), resulting in a net pool deposit balance of £133m (2019: £14m overdraft balance). There exists a legal right of set-off under the pooling agreement and an overdraft facility of £17m (2019: £17m). In accordance with IFRS Interpretations Committee requirements, the cash and overdraft pool balances are presented gross in the consolidated statement of financial position.

At an operating level the minimum investment-grade rating criteria applies. Exceptionally, where required by local country circumstances, counterparties with no rating or a non-investment grade rating can be approved as counterparties for a period of up to 12 months. Due to the Group's global geographical footprint and exposure to multiple industries, the Group considers there to be minimal concentration risk.

29. Retirement benefit obligations

The Group operates a wide range of retirement benefit arrangements which are established in accordance with local conditions and practices within the countries concerned. These include funded defined contribution, multi-employer and funded and unfunded defined benefit schemes.

Defined contribution arrangements

The majority of the retirement benefit arrangements operated by the Group are of a defined contribution structure, where the employer contribution and resulting income statement charge is fixed at a set level or is a set percentage of employees' pay. Contributions made to defined contribution schemes in 2020 and charged to the consolidated income statement totalled £56m (2019: £62m).

In the UK, following the closure of the defined benefit schemes to new entrants in 2004, the main scheme for new employees is a contracted-in defined contribution scheme.

Defined benefit arrangements

The Group operates several funded defined retirement benefit schemes where the benefits are based on employees' length of service. As at 31 December 2020, the Group's primary scheme is in the UK, and other less material plans elsewhere.

Following the agreement with Brink's to sell the majority of the Group's conventional cash businesses, the Netherlands Cash Solutions scheme and certain less material plans were agreed to be transferred to Brink's. As at 31 December 2020, plans relating to the cash businesses which have yet to complete amounting to £5m (2019: £57m) are presented within disposal groups classified as held for sale, as set out in note 22.

For funded arrangements, the assets of defined benefit schemes are held in separate trustee-administered funds or similar structures in the countries concerned.

Consolidated income statement

The amounts recognised in the consolidated income statement in relation to the material funded schemes are included within the following categories:

	2020 £m	2019 £m
Cost of sales	1	2
Administration expenses[1]	4	(2)
Net finance costs	5	6
Total for material funded defined benefit schemes	**10**	6

1. During 2019 as a result of the HMP Birmingham contract cancellation, a number of members of the GSL section of the UK Scheme ceased future accrual. The resulting curtailment gain was presented within administration expenses in the Group's consolidated income statement £2m in 2019. In 2020, the past service liabilities for some of these members were subsequently transferred out of the UK Scheme and the resulting settlement loss of £2m was also presented within administration expenses. A further £2m expense recorded within administration expenses was in respect of the guaranteed minimum pension equalisation charge.

There are also various less material unfunded arrangements, for which the Group does not hold related assets separate from the Group. In aggregate, other unfunded arrangements incurred £15m (2019: £18m) of costs within cost of sales and finance costs of £4m (2019: £5m).

29. Retirement benefit obligations *continued*

Consolidated statement of comprehensive income

Re-measurements of the net defined benefit obligation are recognised in full in the consolidated statement of comprehensive income in the year in which they arise. These comprise the impact on the net defined benefit liability of changes in demographic and financial assumptions compared with the start of the year, actual experience being different to those assumptions and the return on plan assets above the amount included in the net pension interest expense. During the year the Group recognised a total net re-measurement gain of £59m (2019: loss of £148m) within other comprehensive income (OCI) comprising a re-measurement gain of £59m (2019: loss of £140m) relating to material funded defined benefit schemes together with a re-measurement loss of £nil (2019: £8m) relating to unfunded or other funded defined benefit schemes.

Consolidated statement of financial position

The Group's net defined benefit deficit recognised in the consolidated statement of financial position at 31 December 2020 was £308m (2019: £411m), or £251m (2019: £331m) net of applicable tax in the relevant jurisdictions.

The defined benefit obligations (DBO) and assets for defined benefit schemes are as follows:

2020	**DBO £m**	**Assets £m**	**(Deficit)/surplus £m**
UK sections:			
Securicor	**(2,132)**	**1,935**	**(197)**
Group 4	**(464)**	**398**	**(66)**
GSL	**(310)**	**386**	**76**
Total UK material funded defined benefit schemes	**(2,906)**	**2,719**	**(187)**
Total provision for unfunded and other funded defined benefit schemes			**(121)**
Total net provision for all defined benefit schemes			**(308)**

2019	DBO £m	Assets £m	(Deficit)/surplus £m
UK sections:			
Securicor	(1,989)	1,718	(271)
Group 4	(436)	351	(85)
GSL	(292)	356	64
Total UK material funded defined benefit schemes	(2,717)	2,425	(292)
Total provision for unfunded and other funded defined benefit schemes			(119)
Total net provision for all defined benefit schemes			(411)

1. The sponsoring company of the Netherlands scheme (Netherlands Cash Solutions) is included in the conventional cash disposal group and therefore the pension deficit as at 31 December 2019 is presented within liabilities held for sale as set out in note 22.

UK defined benefit scheme

Following the sale of the majority of the Group's conventional cash businesses, the defined benefit scheme in the UK accounts for the net balance sheet liability for material funded defined retirement benefit schemes. It comprises three sections: the Group 4 section which is the pension scheme demerged from the former Group 4 Falck A/S, the Securicor section, for which the Group assumed responsibility on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, for which the Group assumed responsibility on 12 May 2008 with the acquisition of GSL.

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 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 at 5 April 2018 (the effective date of the latest actuarial funding valuation), the participants of the UK pension scheme sections can be analysed as follows:

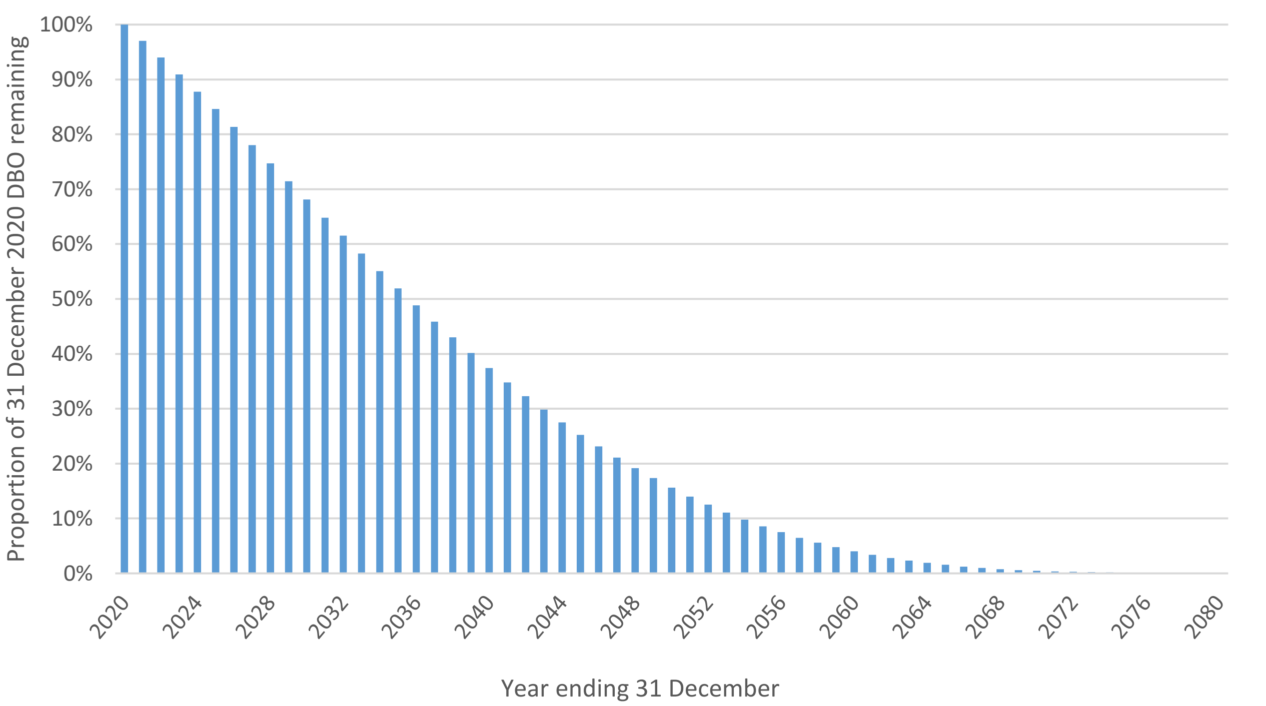
At 5 April 2018	Securicor section	Group 4 section	GSL section	**Total**
Active participants				
▪ Number	–	–	372	**372**
▪ Average age	N/A	N/A	50.4	**50.4**
Deferred participants				
▪ Number	7,295	3,083	1,140	**11,518**
▪ Average age	54.6	54.0	51.6	**54.1**
Pensioner participants				
▪ Number	9,733	3,466	1,102	**14,301**
▪ Average age	73.4	72.2	66.6	**72.6**

There is a mix of fixed and inflation-dependent pension increases (in payment and deferment) which vary from member to member according to their membership history and the section of the scheme.

The discounted weighted-average duration of the accrued liabilities of the sections is as follows:

	2020 Years	2019 Years
Securicor	**18**	18
Group 4	**18**	17
GSL	**21**	20

The chart below provides an illustrative view of how the UK pension scheme obligations are expected to reduce over time. It shows the percentage of the 31 December 2020 DBO that remains to be paid out at each future date.



The scheme is set up under UK law and governed by a Trustee company which is responsible for the scheme's investments, administration and management. The Board of the Trustee company comprises an independent chairman and further appointees who are made up of scheme membership representatives and company appointees.

A funding valuation is carried out for the scheme's Trustee every three years by an independent firm of actuaries and the latest completed valuation was as at 5 April 2018, which provides for a contribution of approximately £55m in 2021. The company has guaranteed any contributions due from its subsidiaries.

The next funding valuation as at 5 April 2021 is currently in progress and is expected to be completed during 2021. Allied Universal have agreed to pay a one-off cash lump sum of £50m into the pension schemes once this funding valuation has been agreed, followed by annual contributions of £80m per annum for the calendar years 2021 to 2026 inclusive.

In addition, the company pledged to the Pension Scheme a share of the proceeds arising from the sale of a material part of the Group, with material for these purposes defined as being in excess of 10% of the Group's consolidated total assets. The proportion of the sale proceeds due to the Pension Scheme is to be calculated in terms of the amount by which the divested total assets exceed 10% of the Group's consolidated total assets and the proportion that the Pension Scheme actuarial deficit bears to overall group indebtedness. On 26th February 2021 the company agreed and paid £18m to the Pension Scheme in respect of this pledge.

The Group has concluded that it should allow for a refund of any residual surplus in all three sections of the UK pension scheme assuming wind-up after all benefits have been paid in the normal course of events. Therefore no adjustments for asset ceiling or additional liabilities under the IFRIC 14 interpretation are made. At present the GSL section has a surplus and the other two sections have deficits. The IASB recently decided not to proceed with changes to IFRIC 14 proposed in 2015 but has not stopped its IFRIC 14 project. The Group will assess whether there are any implications should any revised interpretation be developed.

Principal risks

The Group's pension schemes create a number of risk exposures. Annual increases in benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

Principal risks *continued*

A key risk is that additional contributions are required if the investment returns fall short of those anticipated when setting the contributions to the pension plans. For the UK funding valuation those assumed investment returns (for funding valuations) are set based on fixed margins over the gilt yield curve. The management of the UK pension fund assets has been delegated to an asset manager, who manages the assets against a liability benchmark. The key parameters of this mandate can be summarised as follows:

Risk	Description	Mitigation
Asset mix	The plan assets may fall in value.	The assets are managed dynamically over time rather than a set strategic allocation.
Interest rate risk	The plan assets may fall in value as a result of a fall in interest rates.	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives.
Inflation risk	The plan assets may fall in value as a result of rise in inflation.	Managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives.
Currency risk	Any plan assets held in foreign currencies are exposed to changes in foreign currency exchange rates.	Managed with the objective of hedging at least 70% of the overseas currency exposure in the portfolio through the use of forward foreign currency contracts.
Regulatory risk	All pension schemes are regulated by the relevant jurisdictions. These include extensive legislation and regulatory mechanisms that are subject to change and may impact the Group's pension schemes.	G4S monitors changes in regulations in the UK and the Netherlands to assess the potential impact these changes could have on the Group's material pension schemes.
Actuarial assumptions risk	Actuarial assumptions made on a range of demographic and financial matters that are used to project the expected benefit payments including future inflation, salary growth and life expectancy. The DBO and service cost are also very sensitive to the IAS 19 discount rate, which determines the discounted value of the projected benefit payments. The discount rate depends on market yields on high-quality corporate bonds.	The UK pension trustees have adopted investment strategies to mitigate changes in key assumptions applied to the valuation of pension liabilities for funding purposes. These strategies mainly hedge against interest rate and inflation expectations generally, as described above, but do not specifically seek to hedge against changes in credit spreads that also affect the IAS 19 discount rate. As a result the difference between the market value of the assets and the valuation of the pension obligations under IAS 19 may be volatile.

Financial assumptions and sensitivity analysis

The weighted averages for each of the principal assumptions used for the purposes of the actuarial valuations were as follows:

	UK	Netherlands
Key assumptions used at 31 December 2020		
Discount rate*	**1.50%**	**N/A**
Expected rate of salary increases	**3.00%**	**N/A**
Pension increases in payment (for the UK, at RPI** with a limit of 5% p.a.)	**2.85%**	**N/A**
Inflation (RPI for UK)	**2.95%**	**N/A**
Key assumptions used at 31 December 2019		
Discount rate	2.00%	1.30%
Expected rate of salary increases	3.05%	N/A
Pension increases in payment (for the UK, at RPI** with a limit of 5% p.a.)	2.90%	***
Inflation (RPI for UK)	3.00%	1.90%

* During 2020 the methodology used in selecting bonds used to set the discount rate was refined. These changes were effective from June 2020 at which time the approximate impact of the change on the G4S UK plans was to increase the discount rates by around 15 basis points.

** RPI with a limit of 5% p.a. is the most common level of increase in the UK arrangements. Assumptions for other increases are derived from the above inflation assumption for RPI, and an annual CPI assumption of 2.30% (2019: 2.25%) as appropriate.

***Pension increase assumption is a ladder starting from 0% p.a. in 2019 increasing to 1.9% p.a. in 2030.

IAS 19 specifies that pension liabilities should be discounted at appropriate high quality corporate bond rates. The Group considers that it is appropriate to consider AA-rated corporate bonds as high quality and has therefore used discount rates based on yields on such bonds corresponding to the liability profile of the respective schemes.

The assumed average gap between CPI and RPI has narrowed from 0.75% p.a. at 31 December 2019 to 0.65% p.a. at 31 December 2020. This reflects an apparent shift in allowance in the gilts market for the expected of methodology changes to RPI in the long term, following publication in November 2020 of the UK Government's response to the consultation on RPI reform.

The effect of a movement in the discount rate applicable in the UK would alter reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below.

Sensitivity analysis	**Increase/(decrease) in the DBO of the UK scheme 2020 £m**	Increase/(decrease) in the DBO of the UK scheme 2019 £m
Discount rate assumption being 0.5% higher	**(247)**	(217)
Discount rate assumption being 0.5% lower	**273**	251

The effect of a movement in RPI inflation applicable in the UK would alter reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

Sensitivity analysis	**Increase/(decrease) in the DBO of the UK scheme 2020 £m**	Increase/(decrease) in the DBO of the UK scheme 2019 £m
Inflation assumption being 0.5% higher	**110**	107
Inflation assumption being 0.5% lower	**(98)**	(88)

The above sensitivities allow for inflation-dependent assumptions such as salary growth and relevant pension increases to vary corresponding to the inflation assumption variation. Due to the caps and floors on pension increases, a certain movement in the inflation assumption will not generally result in the same movement in the pension increase assumption.

Demographic assumptions and sensitivity analysis

In addition to the above, the Group uses appropriate mortality assumptions when calculating the schemes' obligations. The mortality tables used for the scheme in the UK are: Birth year table S2P(M/F)A Base with future improvements in line with CMI_2019 Core projections, based on a long-term improvement rate of 1.25% p.a. and allowing for individual scaling factors based on the mortality analysis carried out as part of the last funding valuation.

The resulting assumed life expectancy of a male member of the UK schemes currently aged 65 is 20.9 years. The assumed life expectancy at 65 of a male currently aged 52 is 21.3 years. At those ages, the assumed life expectancy for a female member is between two and three years longer than for a male member.

The effect of a one-year change in this UK life expectancy assumption is to alter reported liabilities (before associated deferred tax adjustments) by approximately £170m (2019: £150m).

The selection of these movements to illustrate the sensitivity of the DBO to key assumptions should not be interpreted as the Group expressing any specific view of the probability of such movements happening.

29. Retirement benefit obligations *continued*

Analysis of amounts recognised in the Group's consolidated statement of financial position

The amounts recognised in the Group's consolidated statement of financial position in respect of the material funded defined benefit schemes, and in the various components of income, other comprehensive income and cash flow are as follows:

2020	DBO £m	Assets £m	Provision £m
Amounts recognised in the consolidated statement of financial position at the beginning of the year	**(2,717)**	**2,425**	**(292)**
Amounts recognised in income			
Current service cost	**(1)**	**–**	**(1)**
Past service costs – curtailments	**(2)**	**–**	**(2)**
Settlements	**5**	**(6)**	**(1)**
Interest on obligations and assets	**(53)**	**48**	**(5)**
Administration costs paid from plan assets	**–**	**(1)**	**(1)**
Total amounts recognised in the consolidated income statement	**(51)**	**41**	**(10)**
Re-measurements			
Actuarial loss – change in financial assumptions	**(242)**	**–**	**(242)**
Actuarial loss – change in demographic assumptions	**(21)**	**–**	**(21)**
Actuarial gain – experience	**30**	**–**	**30**
Return on assets	**–**	**292**	**292**
Re-measurement effects recognised in the consolidated statement of comprehensive income[1]	**(233)**	**292**	**59**
Cash			
Employer contributions	**–**	**56**	**56**
Benefits paid from plan assets	**95**	**(95)**	**-**
Net cash	**95**	**(39)**	**56**
Amounts recognised in the consolidated statement of financial position at the end of the year	**(2,906)**	**2,719**	**(187)**

1. Total re-measurement losses recognised in OCI of £59m include re-measurement losses relating to other unfunded schemes of £nil.

2019	DBO £m	Assets £m	Provision £m
Amounts recognised in the consolidated statement of financial position at the beginning of the year	(2,529)	2,281	(248)
Amounts recognised in income			
Current service cost	(2)	–	(2)
Past service costs – curtailments	3	–	3
Interest on obligations and assets	(69)	63	(6)
Administration costs paid from plan assets	(1)	–	(1)
Total amounts recognised in the consolidated income statement	(69)	63	(6)
Re-measurements			
Actuarial loss – change in financial assumptions	(366)	–	(366)
Actuarial gain – change in demographic assumptions	34	–	34
Actuarial loss – experience	(2)	–	(2)
Return on assets	–	194	194
Re-measurement effects recognised in the consolidated statement of comprehensive income[1]	(334)	194	(140)
Cash			
Employer contributions	–	53	53
Benefits paid from plan assets	95	(95)	–
Net cash	95	(42)	53
Other			
Impact of exchange rates	6	(3)	3
Transfer to held for sale	114	(68)	46
Amounts recognised in the consolidated statement of financial position at the end of the year	(2,717)	2,425	(292)

1. Total re-measurement losses recognised in OCI of £148m include re-measurement losses relating to other unfunded schemes of £8m.

Employer contributions in 2020 included £53m (2019: £52m) of additional contributions in respect of the deficit in the UK schemes.

Analysis of scheme assets

The composition of the scheme assets at the reporting date is as follows:

2020	**UK £m**	**Netherlands £m**	**Total £m**
Equity	**608**	-	**608**
Government bonds	**1,019**	-	**1,019**
Other	**1,092**	-	**1,092**
Total	**2,719**	-	**2,719**

2019	UK £m	Netherlands[1] £m	Total £m
Equity	577	12	589
Government bonds	792	42	834
Other	1,056	14	1,070
Total	2,425	68	2,493

1. Included in disposal groups held for sale as at 31 December 2019, see note 22.

29. Retirement benefit obligations *continued*

A more granular, approximate split of assets of the UK scheme at 31 December of each year is as follows:

	2020 £m	2019 £m
Equity	**453**	402
Private equity	**155**	175
Government bonds	**1,019**	792
Credit	**97**	130
Property	**94**	105
Macro-orientated	**292**	249
Multi-strategy	**124**	194
Derivatives	**68**	211
Cash and cash equivalents	**417**	167
Total UK assets	**2,719**	2,425

Multi-strategy assets are held in a pooled fund structure, which is a multi-asset fund investing across all asset classes.

Within the UK pension fund, the Equity, Credit, Macro-orientated and Multi-strategy sub-categories consist of pooled vehicles investing predominantly in assets with quoted prices in active markets. All government bonds are issued by the UK government and have quoted prices in active markets. Other UK investments are predominantly unquoted.

Derivatives include a range of interest-rate and inflation-linked swaps, forward-currency contracts, equity-index total return swaps, equity options, and futures. Investing in interest-rate and inflation-linked swaps is designed to mitigate the impact of future changes in interest rates and inflation.

None of the pension scheme assets are held in the Group's own financial instruments or in any assets held or used by the Group.

The fair value of directly-held securities (equities and bonds) is taken as the closing price on an actively-traded market. Fair value of holdings in pooled funds is provided by the investment manager, who calculates the price based on the aggregate value of the underlying assets held by the fund (based on closing prices of the securities on an actively-traded market) and the number of units issued.

30. Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts £m	Property and other[1] £m	Total £m
At 1 January 2020	**19**	**1**	**106**	**21**	**38**	**185**
Additional provisions in the year	**6**	**44**	**122**	**7**	**5**	**184**
Utilisation of provisions	**(3)**	**(32)**	**(78)**	**(7)**	**(6)**	**(126)**
Transfers and reclassifications	**–**	**(5)**	**5**	**–**	**–**	**–**
Unused amounts reversed	**–**	**–**	**(3)**	**–**	**(5)**	**(8)**
Unwinding of discounts	**–**	**–**	**2**	**–**	**2**	**4**
Exchange differences	**–**	**–**	**(4)**	**–**	**–**	**(4)**
At 31 December 2020	**22**	**8**	**150**	**21**	**34**	**235**
Included in current liabilities						**68**
Included in non-current liabilities						**167**
						235

1. Property and other includes £9m (2019: £14m) of provisions for property-related dilapidation costs.

Employee benefits

The provision for employee benefits is in respect of any employee benefits which accrue over the working lives of the employees, typically including items such as long service awards and termination indemnity schemes.

The Group's net obligation in respect of long-term service benefits other than retirement benefits represents the present value of the future benefit that employees have earned at the balance sheet date, less the fair value of scheme assets out of which the obligations are to be settled directly.

Restructuring

Restructuring provisions include amounts for redundancy payments, and the costs of closure of activities in acquired businesses and discontinued operations. The timing of settlement of restructuring provisions is uncertain but is generally expected to be within one year of the balance sheet date. During the year the Group incurred net restructuring costs of £37m (2019: £19m) within administration expenses relating to the multi-year strategic productivity programme across the Group. In addition, the Group incurred non-strategic reorganisation costs of £12m (2019: £11m) which are included within Adjusted PBITA.

Claims

Claims provisions represent any outstanding litigation claims against the Group that are considered likely to lead to the outflow of funds in the future, including provisions within the captive insurance companies to cover (where appropriate) anticipated claims incurred as at the balance sheet date, based on actuarial assessments to calculate the liabilities.

Additional provisions in the year in respect of claims include a £43m charge in respect of costs and potential financial penalties which might arise in respect of the ongoing investigation by the Belgian Competition Authority and the US Department of Justice Antitrust Division in connection with the Group's Belgian business, as explained below and a charge of £51.5m in relation to the Deferred Prosecution Agreement with the UK's Serious Fraud Office ("SFO") which was announced on 10 July 2020. The charge reflects a financial penalty of £39m, plus £6m for the settlement of the SFO's full investigation costs and £7m of legal and other costs in relation to the Deferred Prosecution Agreement. The claim was settled in August 2020.

The Group's wholly-owned captive insurance subsidiaries primarily in Guernsey and the US underwrite part of the Group's Cash Solutions, general liability, workers' compensation, directors and officers and auto liability policies. In the year the Group provided £23m (2019: £20m) in relation to claims made under these policies which comprise a significant number of unrelated claims, most of which are individually immaterial. Claims provisions cover a wide range of claims or possible claims and are subject to regular actuarial review and adjustment as appropriate. Settlement of these provisions is highly probable but both the value of the final settlements and their timing are dependent upon the outcome of on-going processes to determine both liability and quantum in respect of each claim.

Onerous customer contracts

The Group recognised an expense in relation to additional onerous contract provisions of £7m (2019: £5m) relating primarily to anticipated losses in respect of two UK Care & Justice Services contracts. The provision at the end of December 2020 represents the anticipated total losses in respect of these two contracts together with two smaller PFI contracts that are expected to run for the next 15 to 20 years.

The onerous contract provision includes items that are subject to commercial and/or contractual disputes and may be subject to early termination, penalty clauses, or other contractual penalties. Whilst the outcome of such contracts is inherently uncertain, the Group is satisfied that it is unlikely that changes in these contracts will have a material impact on the Group's overall provision in the next 12 months.

Management believes that the current level of provision is balanced and that any significant potential downside from possible changes to key assumptions could be offset by further progress made in those profit improvement plans that have not been considered following the Group's policy described above. The discount rates applied when calculating onerous contract provisions for these contracts were between 0% and 1%.

Property and other

Included within property and other provisions are the costs of replacing, reinstalling or rectifying assets where there is a present contractual requirement, and for customer claims on contracts that are related to the performance on a contract but do not form part of onerous customer contract provisions. Whilst settlement of these obligations is considered probable, there is uncertainty over their value and duration.

Included in property and other provisions are contract-related provisions of £25m (2019: £24m) and property-related dilapidation provisions of £9m (2019: £14m).

30. Provisions and contingent liabilities *continued*

Contingent liabilities

The Group is involved in disputes in a number of countries, mainly in respect of activities related to its operations. Currently there are a number of disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of tax and labour laws and regulations in a number of countries where the Group operates is complex and there is inherent judgment made when applying those laws and regulations that are open to interpretation. As such, there is risk that further disputes and claims from tax authorities and employees could arise in the future. Where there is a dispute or where there is a risk of a dispute or claims in the future and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

The Group is party to a number of on-going litigation processes, in relation to interpretation of local labour law and regulations in a number of countries, where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Group.

During 2019 the Group received a claim seeking damages for alleged losses following the reduction in the G4S share price in 2013. At this point, the Group is unable to make a reliable estimate of the merit, outcome or impact of any potential litigation relating to this claim therefore no provision has been made in respect of it.

In April 2020, the Group received requests for information from the Belgian Competition Authority ("BCA") and the US Department of Justice Antitrust Division ("DoJ") in connection with the Group's Belgian business. The BCA and DoJ inquiries are continuing and the Group is engaging and cooperating fully with both authorities. During the year ended 31 December 2020, the Group recognised a charge of £43m in respect of these inquiries after taking into account estimates of the potential financial penalties which might arise on completion of the inquiry process ranging from £25m to £50m in aggregate. There is a wide range of possible outcomes in respect of these inquiries, including the imposition of incremental financial penalties, third-party claims and/or debarment from certain tendering processes which might lead to a potential financial impact materially outside the currently estimated range of financial penalties.

The Group is currently involved in a number of claims in India, mainly related to periods prior to 2011, in relation to the interpretation of the basis for payments to the India Provident Fund. These disputes are currently awaiting court resolution. Based on the Group's internal and external legal advice, and taking into account the judgment passed by the Supreme Court of India in respect of a different Provident Fund related question on 28 February 2019, the Group believes it has a strong legal position that will prevail in the courts such that no economic outflow is expected to occur and hence no provision has been booked at the year end. The aggregate of the Provident Fund related claims amount to approximately £50m.

In 2019, the Group received notification of a potential claim in the US relating to alleged payments in Afghanistan between 2009 and 2017. At this stage the potential claim is in its very early stages. Based on the evidence available to date, the Group believes that it has a strong legal position such that no economic outflow is expected to occur and hence no provision has been booked at 31st December 2020.

Judgments and estimates related to provisions and contingent liabilities

Judgment is required in quantifying the Group's provisions, particularly in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different from the amount provided. Each of these provisions reflects the Group's best estimate of the probable exposure at 31 December 2020 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months.

31. Deferred tax

The following are the major net deferred tax assets recognised by the Group and movements thereon during the year:

	Property, plant and equipment £m	Retirement benefit obligations £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2020	**28**	**80**	**90**	**52**	**250**
Credit/(charge) to the consolidated income statement	**4**	**1**	**(9)**	**11**	**7**
Credit to equity	**–**	**(14)**	**2**	**2**	**(10)**
Disposals	**–**	**(10)**	**(2)**	**(3)**	**(15)**
Exchange differences and other adjustments	**(1)**	**–**	**–**	**(1)**	**(2)**
At 31 December 2020	**31**	**57**	**81**	**61**	**230**
At 1 January 2019	41	64	84	63	252
(Charge)/credit to the consolidated income statement	(13)	3	5	(9)	(14)
Credit to equity	–	13	1	2	16
Exchange differences and other adjustments	–	–	–	(4)	(4)
At 31 December 2019	28	80	90	52	250

Certain deferred tax assets and liabilities have been offset where permitted, analysed as follows (after offset):

	2020 £m	2019 £m
Deferred tax liabilities	**(2)**	(4)
Deferred tax assets	**232**	237
Net deferred tax asset included in assets of disposal groups classified as held for sale	**–**	17
Net deferred tax assets	**230**	250

At 31 December 2020, the Group had unutilised tax credits and losses of approximately £752m (2019: £848m) potentially available for offset against future profits. A deferred tax asset of £81m (2019: £90m) has been recognised in respect of approximately £421m (2019: £531m) of these gross tax credits and losses based on profitability from approved budgets and business plans. The financial projections used in assessing the future taxable income are consistent with those used in assessing the carrying value of goodwill as set out in note 16.

The majority of the tax losses for which a deferred tax asset has been provided relate to the UK and will be utilised within the next eight to nine years. This loss utilisation period is based on approved budgets and business plans for the first five years and an assumption that profits remain stable from the end of the five year forecast period.

The loss utilisation period has been stress tested based on an 8% reduction in UK taxable income compared to approved budgets and business plans. Such reductions in UK taxable income would extend the utilisation period by one year.

Where deferred tax assets have been recognised based on a utilisation period in excess of five years those losses are within UK group entities whose taxable income and profits are derived either from group financing activities or from the provision of intellectual property to the worldwide group. It is considered that these sources of income are sufficiently predictable, in the case of group financing activities, and diversified, in the case of the provision of intellectual property, to support a recognition period in excess of five years.

No deferred tax asset has been recognised in respect of the remaining £331m (2019: £317m) of gross losses due to the uncertainty of the availability of future profit streams in the relevant jurisdictions, and the fact that a significant proportion of such losses remain to be agreed by the relevant tax authorities. In certain cases, there are continuing structural issues which prevent the utilisation of losses within the foreseeable future. Losses which will never be utilised, for example due to the operation of statute, are not included in the above figures.

Approximately £167m (2019: £70m) of the gross unrecognised losses relate to the UK tax group. Utilisation of such losses is dependent upon the profitability of particular trading and corporate entities.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £21m in the income statement and £8m in other comprehensive income with a corresponding increase in the deferred tax asset by £29m.

Included in unrecognised tax losses are gross losses of £2m (2019: £11m) which will expire between 2021 and 2030. Included in losses upon which a deferred tax asset has been recognised are gross losses of £5m (2019: £8m) which will expire between 2021 and 2030. All other losses may be carried forward indefinitely.

In addition to the losses referred to above, at 31 December 2020, the Group has capital losses available to carry forward of approximately £2.7bn (2019: £2.7bn). These losses have no expiry date and have been agreed with the relevant tax authorities (2019: £145m agreed). A deferred tax asset of £1m (2019: £10m) has been recognised on £6m (2019: £57m) of capital losses. No deferred tax assets have been recognised in respect of the remainder of these losses as the likelihood of their future utilisation is considered to be remote.

At 31 December 2020, the aggregate amount of undistributed earnings of non-UK subsidiaries and joint ventures on which temporary differences may exist was £1,550m (2019: £1,551m). A deferred tax liability of £2m (2019: £2m) has been recognised on undistributed earnings, based on expected distributions from such subsidiaries and joint ventures.

Other temporary differences vary by country and include items relating to the local tax treatment of fixed assets, employee benefits, and provisions.

32. Share capital

G4S plc	2020 £	2019 £
Issued and fully paid ordinary shares of 25p each	**387,898,609**	387,898,609

Ordinary shares in issue	2020 Number	2019 Number
At 1 January	**1,551,594,436**	1,551,594,436
At 31 December	**1,551,594,436**	1,551,594,436

33. Other reserves

	Hedging reserves £m	Translation reserve £m	Merger reserve £m	Reserve for own shares £m	Total other reserves £m
At 1 January 2020	**(1)**	**(91)**	**426**	**(13)**	**321**
Total comprehensive loss attributable to equity shareholders of the parent	**(16)**	**(51)**	**–**	**–**	**(67)**
Own shares awarded	**–**	**–**	**–**	**7**	**7**
Own shares purchased	**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2020	**(17)**	**(142)**	**426**	**(10)**	**257**
At 1 January 2019	9	(42)	426	(14)	379
Total comprehensive loss attributable to equity shareholders of the parent	(10)	(49)	–	–	(59)
Own shares awarded	–	–	–	12	12
Own shares purchased	–	–	–	(11)	(11)
At 31 December 2019	(1)	(91)	426	(13)	321

Other reserves include:

Hedging reserves

The hedging reserves comprise the cash flow hedge reserve and the costs of hedging reserve, see note 27 for details. The cash flow hedge reserve contains the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax). The Group defers the currency basis spread in cross currency swaps and the forward points in net investment hedges in the cost of hedging reserve.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax). During the year £6m of cumulative translation adjustments were recycled to the consolidated income statement (2019: £nil), see note 15.

Merger reserve

The merger reserve comprises reserves arising upon the merger between the former Group 4 Falck A/S and the former Group 4 Securitas BV in 2000 and the acquisition of Securicor plc by the Group in 2004.

Reserve for own shares

An Employee Benefit Trust established by the Group held 5,303,964 shares at 31 December 2020 (2019: 5,946,863 shares) to satisfy the vesting of awards under the performance share plan and performance-related schemes (see note 36). During the year 2,841,658 shares (2019: 5,555,727 shares) were purchased by the trust, and 3,484,557 shares (2019: 4,951,089 shares) were used to satisfy the vesting of awards under the schemes. At 31 December 2020, the cost of shares held by the trust was £9,442,917 (2019: £12,702,392), whilst the market value of these shares was £13,461,461 (2019: £12,964,161). Shares held by the trust are treated as treasury shares, are deducted from equity, do not receive dividends and are excluded from the calculations of earnings per share.

Distributable reserves

As at 31 December 2020 the parent company of the Group had distributable reserves of £459m (2019: £384m).

34. Analysis of net debt

A reconciliation of net debt to amounts in the consolidated statement of financial position is presented below:

	2020 £m	2019 £m
Cash and cash equivalents[1]	**1,504**	745
Receivables from customers in respect of cash-processing operations[2]	**1**	1
Bank overdrafts	**(333)**	(367)
Liabilities to customers in respect of cash-processing operations[3]	**(33)**	(19)
Net cash and overdrafts included within net assets of disposal groups held for sale	**20**	159
Total cash, cash equivalents and bank overdrafts	**1,159**	519
Investments	**52**	69
Bank loans	**(282)**	(555)
Loan notes	**(2,021)**	(1,712)
Lease liabilities	**(278)**	(310)
Fair value of loan note derivative financial instruments	**9**	(24)
Net debt (excluding cash and overdrafts) included within net assets of disposal groups held for sale	**(8)**	(79)
Total net debt	**(1,369)**	(2,092)

1. Cash and cash equivalents of £110m (2019: £82m) are held by the Group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the Group's captive insurance subsidiaries.
2. Included within trade and other receivables.
3. Included within trade and other payables.

An analysis of movements in net debt in the year is presented below:

	2020 £m	2019 £m
Increase/(decrease) in cash, cash equivalents and bank overdrafts per consolidated statement of cash flow	**657**	(101)
Cash, cash equivalents and bank overdrafts in disposed businesses	**82**	1
(Purchase)/sale of investments	**(17)**	6
Net decrease/(increase) in borrowings	**20**	(66)
Repayment of leases	**113**	156
Decrease/(increase) in net debt resulting from cash flows	**855**	(4)
(Increase)/decrease in net debt resulting from non-cash changes		
New leases	**(75)**	(78)
Net debt (excluding cash, cash equivalents and bank overdrafts) in disposed entities	**(18)**	4
Exchange differences[1]	**(39)**	10
Net increase in net debt from non-cash changes	**(132)**	(64)
Net decrease/(increase) in net debt	**723**	(68)
Net debt at the beginning of the year	**(2,092)**	(2,024)
Net debt at the end of the year	**(1,369)**	(2,092)

1. Net of fair value movements that decrease net debt by £34m (increase 2019: £57m).

35. Share-based payments

Long Term Incentive Plan (LTIP)

Shares allocated under the Group's LTIP are subject to performance conditions and forfeitures, as detailed in the Directors' Remuneration Report on page 45.

Under the Group's LTIP, Relative Total Shareholder Return (a market performance condition) constitutes 50% (2019: 30%) of the performance criteria and is measured over three financial years. The Relative Total Shareholder Return is measured against a comparator group of selected relevant companies. 25% of this element of the award vests upon the Group's Total Shareholder Return being ranked median against the comparator group. To reflect the targeted achievement of median ranking, the fair value of the shares awarded which is subject to this market performance condition has therefore been reduced by 75%.

Deferred Bonus Share Plan (DBSP) and Restricted Share Plan (RSP)

Shares allocated under the Group's DBSP and RSP are not subject to further financial performance conditions, but in both cases, are subject to forfeitures, either in part or in full, subject to continued employment, unless a participant is deemed a good leaver by the Remuneration Committee.

Share-based payment plans information

All three share plans have a three-year vesting period from their dates of grant and, depending on the employee, are either cash-settled or equity settled.

The following table shows the movements in the number of shares held under the share-based payment plans outstanding but not exercisable:

	DBSP and RSP 2020 Number	**LTIP 2020 Number**	**Total 2020 Number**	Restated DBSP and RSP 2019 Number	Restated LTIP 2019 Number	Restated Total 2019 Number
Outstanding at 1 January	**2,732,118**	**18,881,620**	**21,613,738**	2,902,192	18,874,527	21,776,719
Granted during the year	**1,904,147**	**12,339,778**	**14,243,925**	734,846	8,628,389	9,363,235
Exercised during the year	**(2,575,846)**	**(873,903)**	**(3,449,749)**	(805,736)	(5,024,283)	(5,830,019)
Forfeited during the year	**(210,045)**	**(1,638,007)**	**(1,848,052)**	(99,184)	(766,413)	(865,597)
Expired during the year	**–**	**(4,045,895)**	**(4,045,895)**	–	(2,830,600)	(2,830,600)
Outstanding at 31 December	**1,850,374**	**24,663,593**	**26,513,967**	2,732,118	18,881,620	21,613,738

Following a review of historic forfeitures of shares, the numbers of shares held under share-based payment plans for the year ended 31 December 2019 have been restated to reflect revised calculations for actual forfeitures of shares up to and including 31 December 2019. The effect of the restatement is to increase the number of shares outstanding at 1 January 2019 and 31 December 2019 by 2,423,115 shares and 3,536,145 shares respectively.

The weighted-average remaining contractual life of conditional share allocations outstanding at 31 December 2020 was 17 months (2019: 15 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was 95.31p (2019: 194.62p) and the contractual life of all conditional allocations was three years. The weighted-average share price at the date of exercise for the shares exercised during the year was 104.61p (2019: 196.22p).

The average fair value of options granted during the year was 121.08p (2019: 203.69p). The calculation of fair value is described in note 3(j).

The consolidated income statement is charged with an estimate for the vesting of shares awarded conditionally and subject to non-market performance conditions. The charge for 2020 was £8m (2019: £3m), all of which arose from equity-settled share-based payments. The total carrying amount for the liabilities arising from share-based payment transactions as at 31 December 2020 was £2m (31 December 2019: £1m).

36. Related party transactions

Transactions and balances with joint ventures

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties are entered into in the normal course of business.

Transactions with joint ventures included revenue recorded of £81m (2019: £79m). Amounts due from related parties include £1m (2019: £1m) from joint ventures.

No expense (2019: £nil) has been recognised in the year for impairment in respect of amounts owed by related parties.

Up until the end of 2019 the Group had a legal interest in a number of joint ventures and joint arrangements, where the economic interest was divested by the Global Solutions Group prior to its acquisition by G4S plc in 2008. The Group's legal interest in these entities was terminated during December 2019. Transactions with these entities during the prior year comprised:

	2019 Services/sales to £m
White Horse Education Partnership Limited	3
Integrated Accommodation Services plc	44
Fazakerley Prison Services Limited	43
Onley Prison Services Limited	18
UK Court Services (Manchester) Limited	2
East London Lift Company Limited	1
Total	111

Transactions with post-employment benefit schemes

Details of transactions with the Group's post-employment benefit schemes are provided in note 29. Unpaid contributions owed to schemes amounted to £nil at 31 December 2020 (31 December 2019: £0.1m).

Transactions with other related parties

In the normal course of the Group's business the Group provides services to and receives services from certain non-controlling interests on an arm's-length basis.

Remuneration of key management personnel

The Group's key management personnel are deemed to be the non-executive directors and those individuals, including the executive directors, whose remuneration is determined by the Remuneration Committee. Their remuneration is set out below. Further information about the remuneration of individual directors included within key management personnel is provided in the audited part of the Directors' Remuneration Report on pages 40 to 53.

	2020 £	2019 £
Short-term employee benefits	**7,746,284**	7,636,207
Post-employment benefits	**27,833**	33,512
Other long-term benefits	**18,841**	24,630
Share-based payment	**4,794,473**	2,015,161
Total	**12,587,431**	9,709,510

37. Events after the balance sheet date

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

The acquisition of the Company by Allied Universal has triggered certain change of control conditions in the Group's borrowings and this, coupled with scheduled debt redemptions, means that approximately £2.2bn of its borrowings will be repayable in line with the conditions and timings set out on page 55: Significant agreements - change of control. On 12 April 2021, the Group received a US$350m loan from Atlas Bidco. The Group's existing US$350m term credit facility was repaid on 13 April 2021. The Group's £650m revolving credit facility, which was undrawn as at 31 December 2020, has also been cancelled in full as required under its change of control arrangements and is no longer available. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9 billion of intragroup lending from Allied to G4S.

Following the change in control, deferred tax assets of £76m at the rates subsequently enacted at year end ceased to be recoverable, and around £73m of costs recognised in respect of services provided by the Group's financial, legal, public relations and other advisers in respect of bid defence and other advice relating to the offers for the Company from GardaWorld and Allied Universal received during the year ended 31 December 2020 became payable (including £34m recognised during 2020). Allied Universal has also agreed to the payment of a one-off cash lump sum of £50m into the Group's pension schemes once the 2021 funding valuation has been agreed, and annual deficit contributions of £80m per annum for the calendar years 2021 to 2026 inclusive with effect from 6 April 2021.

On the change of control occurring, all of the Group's outstanding share based incentive plans vested giving rise to a profit and loss account charge of around £17m at that date.

In addition, G4S plc was released from any potential obligation to pay the £38m break fee (see note 4) to Allied Universal. The associated amount of £38m held in escrow (see note 4) was repaid on 9 April 2021.

On 16 April 2021, the Company delisting of its shares from the Danish Stock Exchange, Nasdaq Copenhagen A/S was completed.

38. Significant investments

The companies listed below are those which were part of the Group at 31 December 2020 and which, in the opinion of the directors, significantly affected the Group's results and net assets during the year. A comprehensive list of all Group undertakings is disclosed on pages 136 to 158.

The principal activities of the companies listed below are indicated according to the following key:

Secure Solutions	(S)
Cash Solutions	(C)

	Product segment	Country of incorporation	Ultimate ownership
Subsidiary undertakings			
G4S Soluciones de Seguridad S.A.	S	Argentina	100%
G4S Custodial Services Pty Limited	S	Australia	100%
G4S Secure Solutions AG (Austria)	S	Austria	100%
G4S Secure Solutions SA/NV	S	Belgium	100%
G4S Interativa Service Ltda	S	Brazil	100%
G4S Vanguarda Segurança e Vigilância Ltda	S	Brazil	100%
G4S Secure Solutions (Canada) Limited	S	Canada	100%
G4S Secure Solutions Colombia S.A.	S	Colombia	100%
G4S Security Services A/S	S	Denmark	100%
G4S Care and Justice Services (UK) Limited	S	England	100%
G4S Cash Centres (UK) Limited	C	England	100%
G4S Cash Solutions (UK) Limited	C	England	100%
G4S Facilities Management (UK) Limited	S	England	100%
G4S Risk Management Limited	S	England	100%
G4S Secure Solutions (UK) Limited	S	England	100%
AS G4S Baltics	S+C	Estonia	100%
G4S Secure Solutions (India) Pvt. Limited[1,2]	S	India	49%
G4S Kenya Limited	S+C	Kenya	100%
G4S Security Solutions S.A.R.L.	S	Luxembourg	100%
G4S Security Services BV	S	Netherlands	100%
G4S Peru S.A.C.	S	Peru	100%
Al Majal Service Master LLC[2]	S	Saudi Arabia	49%
G4S Cash Solutions (SA) (Pty) Limited	C	South Africa	75%
G4S Secure Solutions (SA) (Pty) Limited[2]	S	South Africa	41%
G4S Security Services (Thailand) Limited	S	Thailand	98%
G4S Secure Solutions LLC[2]	S	United Arab Emirates	49%
G4S Retail Solutions (USA) Inc.	C	USA	100%
G4S Secure Solutions (USA) Inc.	S	USA	100%
G4S Secure Integration LLC	S	USA	100%

1. G4S Secure Solutions (India) Pvt. Limited has a year end of 31 March.
2. By virtue of shareholder agreements, options, pre-emption rights and other contractual arrangements, the Group has the power to govern the financial and operating policies, so as to obtain the benefits from the activities of these companies. These are therefore consolidated as full subsidiaries.

These businesses operate principally in the country in which they are incorporated.

39. Details of Related Undertakings of G4S plc

Subsidiaries

Entities listed below are subsidiaries at 31 December 2020, by reason of the holding of a majority of the voting rights or, if a majority is not held, by virtue of section 1162 (2) (c) of the Companies Act 2006. Not all of the companies listed below are trading entities.

Company Name	Country of Incorporation	% owned by group	% owned by plc
Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa			
SECURICOR GRAY SECURITY SERVICES (ANGOLA) (PTY) LTD	Angola	100	
Rua di reita da Samba, No 58, Corimba, Samba Luanda, Angola			
G4S SERVICOS DE SEGURANCA (ANGOLA) LIMITADA	Angola	65	
Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina			
G4S SOLUCIONES DE SEGURIDAD S.A.	Argentina	100	
G4S SERVICIOS DE SEGURIDAD S.A.	Argentina	100	
PROTECCION E INVERSIONES, S.A.	Argentina	100	
G4S APPLIED SECURITY S.A.	Argentina	100	
G4S CONTROL SYSTEMS S.A.	Argentina	100	
Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina			
INDOMEGA S.A.	Argentina	99.9	
MANAR S.A.	Argentina	100	
Jose Demaria 4470 (C1425AEB), Buenos Aires, Argentina			
G4S SOLUCIONES GLOBALES S.A.	Argentina	100	
Lavalle 1528, 3º "E" (C1048AAL), Ciudad Autónoma de Buenos Aires, Argentina			
G4S DETCON S.A.	Argentina	100	
Building 2, Level 7, Suite 2, 185 O'Riordan Street Mascot NSW 2020 Australia			
G4S COMPLIANCE & INVESTIGATIONS PTY LTD	Australia	100	
Level 4 612-616 St Kilda Road, Melbourne, 3004 Victoria, Australia			
G4S AUSTRALIA PTY LTD	Australia	100	
G4S HEALTH SERVICES AUSTRALIA PTY LTD	Australia	100	
G4S CUSTODIAL SERVICES PTY LTD	Australia	100	
G4S AUSTRALIA HOLDINGS PTY LTD	Australia	100	
G4S INTEGRATED SERVICES PTY LTD	Australia	100	
G4S CORRECTIONAL SERVICES (AUSTRALIA) PTY LTD	Australia	100	
Peilsteinerstr. 5-7, A-5020 Salzburg, Austria			
G4S SECURITY SYSTEMS GMBH	Austria	100	
Dresdner Strasse 91/1, A-1200 Vienna, Austria			
G4S SECURE SOLUTIONS AG (AUSTRIA)	Austria	100	
G4S DIENSTLEISTUNGS GMBH	Austria	100	
Villa 925, Road 3830, Manama, Qudaybiyah 338, P. O. Box 15193 Adliya, Bahrain			
G4S SECURE SOLUTIONS BAHRAIN W.L.L	Bahrain	34.3	

Company Name	Country of Incorporation	% owned by group	% owned by plc
2235 West Tower BFH Manama, Bahrain			
G4S REGIONAL CONSULTANCY SERVICES (NAMESA) WLL	Bahrain	100	
House # KA 79, Joar Sahara, 1212 Dhaka, Bangladesh			
G4S SECURE SOLUTIONS BANGLADESH (P) LTD	Bangladesh	100	
Brighton, Spring Garden, St. Michael, Barbados			
G4S SECURE SOLUTIONS (BARBADOS) LTD	Barbados	100	
Rue Picard 7, Boîte 100 Brussels, BE 1000			
G4S SUPPORT SERVICES SA/NV	Belgium	100	
G4S SECURE SOLUTIONS SA/NV	Belgium	100	
G4S CARGO SOLUTIONS SA/NV	Belgium	100	
G4S TRAINING & CONSULTANCY SERVICES SA/NV	Belgium	100	
G4S AVIATION SECURITY SA/NV	Belgium	100	
G4S SECURE MONITORING SA/NV	Belgium	100	
G4S SECURITY SYSTEMS SA/NV	Belgium	100	
G4S CARE SA/NV	Belgium	100	
G4S EVENT SERVICES SA/NV	Belgium	100	
G4S EVENT SECURITY SA/NV	Belgium	100	
G4S FIRE AND SAFETY BV/BA	Belgium	100	
G4S BELGIUM NOMINEE NV	Belgium	100	100
Kapelstraat 100 Wommelgem, BE 2160			
G4S SAFETY SYSTEMS N.V.	Belgium	100	
ASC SAFETY SERVICES B.V./B.A.	Belgium	100	
Marcelo terceros Banzer S/N, 3er Anillo Ext. Equipetrol, (Frente Hotel Casa Blanca), Santa Cruz, Bolivia			
G4S BOLIVA S.A.	Bolivia	99.9	
C/o Grant Thornton Business Services (Pty) Ltd, Acumen Park, Plot 50370, Fairgrounds Gaborone, Botswana			
G4S (BOTSWANA) LTD	Botswana	70	
FIDELITY CASH MANAGEMENT SERVICES (BOTSWANA) PTY LTD	Botswana	100	
Plot 50370, Fairgrounds Office Park, Gaborone, Botswana			
G4S FACILITIES MANAGEMENT BOTSWANA (PTY) LTD	Botswana	48.9	
Avenida Paulista, nº 453, 6º andar - Bela Vista São Paulo, BR 01311-907			
G4S BRAZIL HOLDING LTDA	Brazil	100	
Rua Rui Barbosa 70, 3º andar, Bela Vista, São Paulo, Brazil			
G4S MONITORAMENTO E SISTEMAS LTDA.	Brazil	100	
Rua Maria José 69, Bela Vista, 01324-010 São Paulo, Brazil			
G4S SERVIÇOS LTDA.	Brazil	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries continued

Company Name	Country of Incorporation	% owned by group	% owned by plc
Rua Rui Barbosa 70,4º andar São Paulo, BR 01326-010			
G4S ENGENHARIA E SISTEMAS LTDA	Brazil	100	
Rua Santa Rosa, 191, Bairro Santa Paula Sao Caetano do Sul, Sao Paulo, BR 09521-360			
G4S INTERATIVA SERVICE LTDA.	Brazil	100	
Rua Rui Barbosa 70-A, 01326-010 São Paulo, Brazil			
G4S VANGUARDA SEGURANÇA E VIGILÂNCIA LTDA	Brazil	100	
Rua Maria José 133, Bela Vista, 01324-010 São Paulo, Brazil			
EMPRESA NACIONAL DE SEGURANCA LTDA	Brazil	100	
Avenida Paulista, nº 453, 5º andar - Bela Vista São Paulo, BR 01311-907			
G4S PARTICIPAÇÕES LTDA	Brazil	100	
Flemming House, P.O. Box 662, Wickhams Cay, Road Town, Tortola, , VG VG1110			
G4S SECURE SOLUTIONS (ASIA) LTD	British Virgin Islands	100	
1395 University Blvd, 33458 Jupiter, FL, United States			
G4S HOLDINGS LTD	British Virgin Islands	100	
G4S (BVI) HOLDCO (COLOMBIA II) LTD	British Virgin Islands	100	
ASHINO HOLDINGS LTD	British Virgin Islands	100	
Kingston Chambers, P.O. Box 173, Road Town Tortola, British Virgin Islands			
HILL & ASSOCIATES CONSULTANTS LTD	British Virgin Islands	100	
Old Airport Road, Bonapriso Doula, Cameroon			
G4S SECURITY SERVICES CAMEROON PLC	Cameroon	48.54	
150 Ferrand Drive, Suite 1000, Toronto, Ontario, Canada M3C-3E5			
G4S SECURE SOLUTIONS (CANADA) LTD. (G4S SOLUTIONS DE SECURITE (CANADA) LTEE)	Canada	100	
1255 Peel St #1000 Quebec Province Montreal,, CA QC H3B 2T9			
INDO BRITISH GARMENTS (CANADA) LTD	Canada	100	
Suite 3400, 22 Adelaide Street, West Toronto, CA M5H 4E3, Canada			
G4S RETAIL SOLUTIONS (CANADA) INC.	Canada	100	
2600-160 Elgin Street, Ottawa, Ontario, CA K1P1C3, Canada			
SECURIUM INC.	Canada	100	
Sterling Trust (Cayman) Limited Whitehall House, 238 North Church Street Grand Cayman, KY k1-1102			
SERVICE MASTERS LIMITED	Cayman Islands	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
No 48/85, Avenue Kolwezi, Gombe Kinshasa, CD			
G4S CENTRAFRIQUE SECURITE SOLUTION SURL	Central Africa	100	
Avda. Zañartu 1680, Ñuñoa – Santiago, Chile			
G4S SECURITY SERVICES REGIONES, S.A.	Chile	100	
G4S SECURITY SERVICES LIMITADA	Chile	100	
ARRIENDOS FAST CAR, LTDA.	Chile	100	
CAPACITACIÓN Y DESARROLLO, LTDA.	Chile	100	
Avda. Francisco Meneses 1980 Ñuñoa - Santiago, CL			
G4S HOLDINGS CHILE S.A.	Chile	100	
13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China			
G4S FACILITIES MANAGEMENT LTD.	China	100	
G4S MANAGEMENT SERVICES (SHANGHAI) CO. LTD	China	100	
Room 901, 2 Huaqiang Road Tianhe District Guangzhou, CN			
G4S TECHNOLOGY (CHINA) LTD	China	100	
6A, Huamin Empire Plaza, No. 728 Yan An Road (W), 200050 Shanghai, China			
HILL & ASSOCIATES (PRC) LTD	China	100	
17-1 Bai Ma Miao Xiang, Shangcheng District, Hangzhou, China			
G4S ZHEJIANG SECURE SOLUTIONS CO. LTD	China	90	
Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia			
G4S SECURE SOLUTIONS COLOMBIA S.A.	Colombia	100	
G4S HOLDING COLOMBIA SA	Colombia	100	
G4S TECHNOLOGY COLOMBIA S.A.	Colombia	100	
EBC INGENIERIA S.A.S	Colombia	100	
Avenida 26 No. 69A – 51 Torre A, Int 1, Piso 2, Bogota, Colombia			
G4S RISK MANAGEMENT COLOMBIA S.A.	Colombia	94.5	
Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica			
GFOURS S.A.	Costa Rica	100	
WACKENHUT SERVICIOS DE SEGURIDAD, S.A.	Costa Rica	100	
WACKENHUT SERVICIO DE ESCOLTAS, S.A.	Costa Rica	100	
G FOUR S GRUPO DE SERVICIOS ESPECIALES DE SEGURIDAD, S.A.	Costa Rica	100	
G FOUR S CONSULTOR EN SEGURIDAD, S.A.	Costa Rica	100	
Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste			
G CUATRO S VALOURS S.A.	Costa Rica	100	
G CUATRO S CASH SOLUTIONS S.A.	Costa Rica	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Kaya Flamboyan 6, Curaçao, Dutch West Indies, Curacao			
G4S GULF HOLDINGS NV	Curacao	100	
Themistokli Dervi, 3, Julia House, Nicosia, Cyprus, P.C 1066			
G4S HOLDING CYPRUS LTD	Cyprus	100	
Na Kosince 2257/9, 180 00 Prague 8, Czech Republic			
G4S SECURE SOLUTIONS (CZ), A.S.	Czech Republic	100	
G4S SERVICES S.R.O.	Czech Republic	100	
108, Boulevard du 30 Juin, Gombe, Kinshasa, Democratic Republic of Congo			
G4S (DRC) S.A.R.L.	Democratic Republic of Congo	95	
Roskildevej 157, DK-2620 Albertslund, Denmark			
G4S HOLDINGS (DK) A/S	Denmark	100	100
G4S INTERNATIONAL (DK) A/S	Denmark	100	
G4S SECURITY SERVICES A/S	Denmark	100	
G4S KYHLENSO A/S	Denmark	100	
G4S VIKINGA SURAMERICANA APS	Denmark	100	
G4S SURAMERICANA HOLDING APS	Denmark	100	
Gral. Giacomo Roca N33-92 y Bosmediano, Quito, Ecuador			
G4S SECURE SOLUTIONS (ECUADOR) CIA LTDA.	Ecuador	99.9	
Luis Cordero E12-114 y Toledo, Quito, Ecuador			
G4S HOLDING (ECUADOR) S.A.	Ecuador	99.9	
Calle Moscú E09-8 y Av. República del Salvador, Quito, Ecuador			
DEFENCE SYSTEMS ECUADOR DSE CIA LTDA	Ecuador	99.9	
G4S FACILITY MANAGEMENT CIA LTDA	Ecuador	99.9	
Av. Principal la Perla S52-136 y Quinta Transversal Quito Ecuador			
CEFOSEG CIA. LTDA.	Ecuador	100	
7 Hassan Ibrahim Street, Apartment No. 10 Golf Land, Nasr City, Cairo, Egypt			
G4S SOLUTIONS (EGYPT) LLC	Egypt	100	
Head Office: Ismalia Public Free Zone Area, Egypt			
INDO BRITISH GARMENTS EGYPT S.A.E.	Egypt	99	

Company Name	Country of Incorporation	% owned by group	% owned by plc
7 El Sherka El Porsaidia St., Auba Boula Sq. Ard El Golf, Heliopolis, Cairo, Egypt			
FS INVESTMENTS LLC	Egypt	99	
3A Nabatat Street, Garden City, Cairo, Egypt			
G4S LOTUS FACILITIES MANAGEMENT COMPANY	Egypt	51	
12 Suhag St. Extension of Harun El-Rasheed St., Heliopolis, Cairo, Egypt			
G4S FACILITIES MANAGEMENT (EGYPT) LLC	Egypt	100	
Av. Olimpica 3765, San Salvador, El Salvador			
G4S SECURE SOLUTIONS EL SALVADOR S.A. DE C.V.	El Salvador	100	
Paldiski mnt 80, 10617 Tallinn, Estonia			
AS G4S BALTICS	Estonia	100	
AS G4S GRUPP	Estonia	100	
AS G4S EESTI	Estonia	100	
Töökoja 1, 11313 Tallinn, Estonia			
ALARMTEC AS	Estonia	100	
Fabianinkatu, 29B, Helsinki, 00100, Finland			
G4S SECURE SOLUTIONS FINLAND OY	Finland	100	
18 R Pasquier, 75008 Paris, France			
G4S INTERNATIONAL HOLDINGS (FRANCE) SAS	France	100	
9 Place de la Madeleine 75008 Paris, France			
HILL & ASSOCIATES RISK CONSULTING (FRANCE) SAS	France	100	
G4S SECURE SOLUTIONS FRANCE SAS	France	100	
Quartier Ambowe, BP 4000 Libreville, Gabon			
G4S GABON SECURE SOLUTIONS S.A.	Gabon	99.9	
9 Booster Station, Fajara, Bakau,Kanifing Municipality , Gambia			
G4S SECURE SOLUTIONS (GAMBIA) LTD	Gambia	100	
C/o Baker Tilly GmbH & Co KG AG Wirtschaftspruefungsgesellschaft Valentinskamp 88 20355 Hamburg, Germany			
G4S SECURITY HOLDINGS DE GMBH	Germany	100	
G4S IMMOBILIEN-VERWALTUNGS GMBH	Germany	100	5.2
G4S SECURITY SOLUTIONS (GERMANY) GMBH	Germany	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
31 Second Labone Street, Labone, Accra, Ghana			
G4S SECURITY SERVICES (GHANA) LTD	Ghana	100	
G4S (GHANA) LTD	Ghana	100	
G4S SECURE SOLUTIONS (GHANA) LTD	Ghana	100	
G4S RISK MANAGEMENT (AFRICA) LTD	Ghana	49	
7, Sorou Str., 144 52 Metamorphosis, Athens, Greece			
G4S SECURE SOLUTIONS SA	Greece	100	
G4S HELLAS HOLDING SA	Greece	100	
G4S CASH SOLUTIONS SA	Greece	100	
G4S TELEMATIX SA	Greece	39.4	
G4S AVIATION AND PORTS SECURE SOLUTIONS SA	Greece	100	
G4S RMS LTD	Greece	100	
G4S SECURITY SYSTEMS AND MONITORING SERVICES (GREECE) SA	Greece	100	
5 klm, Spaton-Loutsas aven., 190 19 Spata, Greece			
WSW SKYKAP SERVICES SA	Greece	42.5	
National Road Palaiokastritsas, 491 00 Kerkiras, Greece			
HELLAS GUARD S.A. UNDER LIQUIDATION	Greece	18	
35 Kountouriotou, 555-35 Thessaloniki, Greece			
CSI DEFENSE LTD	Greece	50	
Maurice Bishop Highway Grand Anse St. George's, Grenada			
G4S SECURE SOLUTIONS (GRENADA) LTD.	Grenada	100	
1851A Army Drive, Harmon, Guam, 96913, Guam			
G4S SECURE SOLUTIONS (GUAM), INC.	Guam	100	
G4S SECURITY SYSTEMS (GUAM) INC.	Guam	100	
Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala			
WACKENHUT DE GUATEMALA SA	Guatemala	50	
WACKENHUT ELECTRONICA SA	Guatemala	47.5	
G4S DOCUMENTA, S.A.	Guatemala	50	
FACILITY SERVICES, S.A.	Guatemala	28	
G4S SECURE SOLUTIONS, S.A.	Guatemala	50	
Homefield Rue de L'Epinel Forest, GY8 0HL, Guernsey			
G4S SECURE SOLUTIONS (GUERNSEY) LTD	Guernsey	100	
P.O. Box 384, 4th Floor, The Albany, South Esplanade, GY1 4NF St. Peter Port, Guernsey			
G4S INSURANCE (GUERNSEY) LTD	Guernsey	100	100

Company Name	Country of Incorporation	% owned by group	% owned by plc
Commune de Ratoma, Kipe Centre Emetteur, Pres de la Seg, Conakry, Guinea			
G4S SECURITY SERVICES (GUINEA) SARL	Guinea	75	
1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong			
G4S (HONG KONG – HOLDING) LTD	Hong Kong	100	
VERDI LTD	Hong Kong	100	
G4S SECURE SOLUTIONS (HONG KONG) LTD	Hong Kong	100	
G4S GURKHA SERVICES LTD	Hong Kong	100	
HONG KONG SECURITY LTD	Hong Kong	100	
G4S DOCUMENT MANAGEMENT SERVICES (HONG KONG) LTD	Hong Kong	100	
G4S FACILITY SERVICES (HONG KONG) LTD.	Hong Kong	100	
G4S GROUP HOLDING (CHINA) LTD	Hong Kong	100	
STARPOINT INVESTMENTS LTD	Hong Kong	100	
G4S SECURITY SYSTEMS (HONG KONG) LTD	Hong Kong	100	
GREAT STEP INVESTMENT LTD	Hong Kong	100	
VICTORY STEP GROUP LTD	Hong Kong	75	
Apartment 101B & 104 Two Harbourfront, 22 Tak Fung Street, Hunghom,Kowloon, Hong Kong			
HILL & ASSOCIATES LTD	Hong Kong	100	
C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India			
G4S CENTRAL MONITORING SERVICES (INDIA) PVT. LTD	India	100	
G4S SECURE SOLUTIONS (INDIA) PVT. LTD	India	49	
INDO-BRITISH GARMENTS (P) LTD	India	100	
G4S CASH SOLUTIONS (INDIA) PVT LTD	India	100	18.5
G4S FLEET MANAGEMENT SERVICES (INDIA) PVT. LTD	India	100	
G4S SECURITY SYSTEMS (INDIA) PVT. LTD	India	100	
G4S CORPORATE SERVICES (INDIA) PVT. LTD.	India	100	
FIRST SELECT (P) LTD	India	100	
G4S FACILITY SERVICES (INDIA) PVT. LTD	India	100	
MONITRON SUPPORT SERVICES PVT. LTD	India	49.5	
SOPEDU SECURITY PRIVATE LIMITED	India	100	
Office Unit No.301, Third Floor, A-Wing,Eureka Tower, Building No. 7, Mind Space, Link Road, Malad (west), 400064 Mumbai, India			
MONITRON SECURITY (P) LTD	India	100	
Block B3, 3rd Floor, DLF World Tech Park, DLF IT SEZ, Silokhera122001 Gurgaon, Haryana, India			
G4S IT SERVICES (INDIA) PVT. LTD	India	100	84.5
Plot No. 13, Road No. 14, Banjara Hills, 500034 Hyderabad, India			
PROTEX SECURITY SERVICES (AP) PVT. LTD	India	48.9	
INVESTIGATION AND SECURITY SERVICES (INDIA) PVT. LTD	India	46.7	
5 Floor Tower A, 5th Floor, unitech Cyber Park Sector 39, Gurugram, IN 122001			
HILL & ASSOCIATES (INDIA) PVT. LTD	India	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Metropolitan Tower 8th Floor, Jl. RA Kartini Kav. 14 - TB Simatupang Jakarta Selatan, ID 12430			
PT G4S SECURITY SERVICES	Indonesia	97	
PT G4S SECURITY SOLUTION SERVICES	Indonesia	100	
Gedung Setiabudi 2 Lt.3A Suite 3A-01 Jl. H.R. Rasuna, Said Kav.62, 12920 Jakarta, Indonesia			
PT HILL KONSULTAN INDONESIA	Indonesia	99	
Erbil, S9/14 Erbil Baharka Street, New Azadi Atconz Compund, Iraq			
ORDNANCE MANAGEMENT FOR GENERAL TRADING LTD	Iraq	100	
2013 Orchard Place City West Dublin 24 Dublin, IE			
GROUP 4 SECURICOR GLOBAL RISKS LTD	Ireland	100	
G4S SUPPORT SERVICES (IRELAND) LTD	Ireland	100	
G4S MONITORING (IRE) LTD	Ireland	100	
A1 SECURITY TECHNOLOGIES LTD	Ireland	100	
ALARM MONITORING SERVICES LTD	Ireland	100	
G4S FINANCE (IRELAND) LTD	Ireland	100	
GDJS SECURITY LTD	Ireland	100	
G4S COMPLIANCE AND INVESTIGATIONS (IRELAND) LIMITED	Ireland	100	
G4S SECURE SOLUTIONS (IRE) LTD	Ireland	100	
G4S FACILITIES MANAGEMENT (IRE) LTD	Ireland	100	
G4S HOLDINGS (IRELAND) LTD	Ireland	100	
IOM Buisness Park, Ballacottier, Braddon, Isle of Man, IM2 2SE			
G4S SECURE SOLUTIONS (ISLE OF MAN) LTD	Isle of Man	100	
1a Ha'Yarden St. Air Port City, Lod, Israel			
POLICITY LTD	Israel	25	
111, Arlozorov Street, Tel Aviv-Yafo, Israel, 6209809			
G4S INTERNATIONAL LOGISTICS (ISRAEL) LTD	Israel	100	
3 Boulevard Valerie Giscard d'Estaing, 01 BP 6065 ABJ 01 Abidjan, Ivory Coast			
G4S SECURE SOLUTIONS (CI) SA	Ivory Coast	97.5	
Rue B31, Lot 29, Cocody danga Nord Abidjan, 20 BP 845 Abidjan 20 Abidjan, Ivory Coast			
ARMORGROUP COTE D'IVOIRE SA	Ivory Coast	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
6-8 East Avenue, 5 Kingston W.I., Jamaica			
G4S JAMAICA LTD	Jamaica	100	
202, Musashino Hills, 2299-4 Fussa, Fussa-shi, 1970011 Fussa-shi, Japan			
G4S SECURE SOLUTIONS JAPAN K.K	Japan	100	
2-2-15, #403, Minami-Aoyama, Minato-ku, 107-0062 Tokyo, Japan			
HILL & ASSOCIATES (JAPAN) KK	Japan	100	
2nd Floor Gaspe House 66-72 Esplanade St Helier, JE JE1 1GH			
G4S HOLDINGS INDIA LTD(iii)	Jersey	100	
The Security Centre Rue des Pres Trading Estate, JE2 7QP St Saviour, Jersey			
G4S SECURE SOLUTIONS (JERSEY) LTD	Jersey	100	
The Old Chapel, Sacre Coeur, Rouge Bouillon St Helier, Jersey, JE2 3ZA			
G4S INTERNATIONAL EMPLOYMENT SERVICES LTD	Jersey	100	
# 12, Mithqual El Fayez St., Third Circle, Jebel, P.O. Box 831358, 11183 Amman, Jordan			
G4S SECURE SOLUTIONS INTERNATIONAL INC (JORDAN) LTD.	Jordan	50	
Roxy Al Ozaizi Street – Dana Center 2, 11183 Amman, Jordan			
G4S SECURE SOLUTIONS INT. (JORDAN) FOR INTEGRATED SOLUTIONS	Jordan	60	
Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya			
G4S KENYA LTD	Kenya	100	
G4S FIRE SERVICES (KENYA) LTD	Kenya	100	
G4S RISK MANAGEMENT (KENYA) LTD	Kenya	100	
G4S CASH SOLUTIONS (KENYA) LIMITED	Kenya	100	
Witu Road, Off Lusaka Road, Building LR No. 209/7438 PO Box 2714 City Square Nairobi, KE			
ARMORGROUP KENYA LTD	Kenya	100	
Mirqab Block -3, Al Sour Street, Plot 10000, unit 21 First Floor Kuwait City, KW			
GROUP 4 S SECURITY SOLUTIONS CO. WLL	Kuwait	48.5	
AL ARDIYA BLOCK 1, BUILDING 290, GROUND AND MEZZANINE FLOOR Kuwait City, KW			
AL MULLA SECURITY SERVICES K.S.C.C.	Kuwait	49	
Stigu Str 10, LV-1021, Riga, Latvia			
AS G4S LATVIA	Latvia	100	
Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon			
GROUP 4 SECURITY SERVICES LEBANON SAL	Lebanon	50.6	50.6
G4S SECURITY SYSTEMS LEBANON SAL	Lebanon	50.5	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
397 Hilton Hill Road Maseru, Lesotho			
G4S SECURE SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100	
G4S CASH SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100	
J.Jasinskio 16C Vilnius, LT LT-03163			
UAB G4S LIETUVA	Lithuania	100	
14 Rue du Père Raphaël Luxembourg, LU L-2413			
G4S SECURITY SOLUTIONS S.A.R.L.	Luxembourg	100	
G4S GENERAL SERVICES SA	Luxembourg	100	
G4S FINANCE (LUXEMBOURG) SARL	Luxembourg	100	100
G4S CASH SOLUTIONS (LUXEMBOURG) S.A.R.L.	Luxembourg	100	
Avenida Venceslau de Morais, 185-191, 1 Andar A, Macau			
G4S VALUABLES TRANSPORTATION (MACAU) LTD	Macau	100	
Avenida Venceslau de Morais, 165 Edificio Centro Ind. Keck Seng, Fase II Anda I 2, MO			
GREAT WALL SECURITY SERVICES LTDA.	Macau	100	
Avenida Venceslau de Morais, 157, BL 2,2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau			
HILL & ASSOCIATES (MACAU) LTD	Macau	100	
G4S SECURE SOLUTIONS (MACAU) LTD	Macau	100	
GREAT WALL HOLDINGS LTD	Macau	100	
G4S (MACAU – HOLDING) LTD	Macau	100	
Avenida Venceslau de Morais, 149 Edificio Centro Ind. Keck Seng, Fase I Andar D 11, MO			
GREAT WALL PROPERTY MANAGEMENT SERVICES LTD	Macau	100	
Lot II, 161 HC Ambohijatovo Ivandry Immeuble Millenium, 10101 101 Antananarivo Renivohitra C.U., Madagascar			
G4S MADAGASCAR SOLUTIONS DE SECURITE SARL	Madagascar	100	
Chirimba Industrial Area, P O Box 720, Blantyre, Malawi			
G4S SECURE SOLUTIONS (MALAWI) LTD	Malawi	99.7	
25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia			
G4S MALAYSIA SDN. BHD	Malaysia	60	

Company Name	Country of Incorporation	% owned by group	% owned by plc
30 Floor c/o- Tricor Corporate Services Sdn.Bhd. Unit 30-01,Level 30,Tower A,Vertical Business Suite, Avenue 3,Bengsar South , Jalan Kerinchi,Kuala Lumpur, MY 59200			
HILL CORPORATE SERVICES SDN BHD	Malaysia	100	
Unit No 9-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia			
HILL RISK CONSULTING (MALAYSIA) SDN BHD	Malaysia	100	
Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing No 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia			
INDO BRITISH GARMENTS MALAYSIA SDN BHD	Malaysia	100	
Hamdallaye ACI 2000, street 405 – gate 558, Bamako, Mali			
G4S (MALI) SARL	Mali	100	
Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta			
G4S SECURITY SERVICES (MALTA) LTD	Malta	50.1	
G4S SECURITY SERVICES LTD	Malta	50.1	
G4S HOLDINGS (MALTA) LTD	Malta	100	
G4S COMMUNITY SERVICES LIMITED	Malta	50.1	
82 Rue Victor Severe, 97200, Fort de France, Martinque			
G4S SECURE SOLUTIONS FRENCH WEST INDIES	Martinque	100	
BP 4201, Nouakchott Tevragh Zeina Ilot C, No. 261 Nouakchott, MR			
G4S SECURITY SERVICES (MAURITANIA) SA	Mauritania	70	
c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius			
G4S HOLDINGS CHINA LTD	Mauritius	100	
HILL RISK MANAGEMENT LTD	Mauritius	100	
HILL & ASSOCIATES (MAURITIUS) LTD	Mauritius	100	
HILL RISK CONSULTING (MAURITIUS) LTD	Mauritius	100	
c/o Intercontinental Trust LTD, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius			
S GRAY MANAGEMENT SERVICES LTD	Mauritius	100	
Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico			
G4S HOLDINGS MÉXICO, SA DE CV	Mexico	100	
G4S SECURITY SYSTEMS S.A. DE C.V.	Mexico	100	
G4S PRIVATE SECURITY SERVICES, SA DE CV	Mexico	100	
Cvijetna Street no.25, Podgorica, Montenegro			
G4S SECURITY SERVICES CRNA GORA DOO PODGORICA	Montenegro	85	
24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco			
MAROC PROTECTION SURVEILLANCE SA	Morocco	100	
G4S (MAROC) SA	Morocco	100	
FIRST SELECT MOROCCO SA	Morocco	99.9	
G4S INTERGRATED SERVICES MOROCCO SA	Morocco	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Av da Organizacao da Unidade Africana, 121, Maputo, Mozambique			
G4S SECURE SOLUTIONS MOCAMBIQUE LIMITADA	Mozambique	87.5	
No 2085, Avenida Ahmed Sekoe Toure, Maputo, Mozambique			
G4S ORDNANCE MANAGEMENT (MOCAMBIQUE), LIMITADA	Mozambique	90	
33 General Murtala Ramat Muhammed Street, Eros, Windhoek, Namibia			
G FOUR S MANNED SECURITY (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S AVIATION SECURITY (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S SECURE SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100	
G FOUR S CASH SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100	
Ichhunadi Marg, Baluwatar, Ward No. 4, Kathmandu Metropolitan City, Kathmandu, Nepal			
SECURITAS PRODUCT NEPAL P. LTD	Nepal	100	
G4S FACILITY & EMPLOYMENT SERVICES NEPAL PVT. LTD	Nepal	100	
Apartment 4/127 Ichhunadi Marg, Baluwatar Ward No. 4 , Kathmandu Metropolitan City Kathmandu, NP 44600			
G4S SECURITY SERVICES NEPAL (P) LTD	Nepal	99.9	
P.O. Box 20423, House # 75/45, Lazimpat, Kailash Chaur, Kathmandu, Nepal			
FIRST SELECT NEPAL (P) LTD	Nepal	100	
Hogehilweg 12, 1101CD Amsterdam Zuidoost, Netherlands			
G4S INTERNATIONAL (NL) BV	Netherlands	100	
G4S HOLDING (B) BV	Netherlands	100	
G4S INDIA HOLDINGS (NL) BV	Netherlands	100	
G4S SECURE MONITORING BV	Netherlands	100	
G4S INTERNATIONAL HOLDINGS 101 (NL) BV	Netherlands	100	
G4S SECURITY SERVICES BV	Netherlands	100	
G4S HOLDINGS 102 (NL) B.V.	Netherlands	100	
G4S HOLDINGS 103 (NL) BV	Netherlands	100	
G4S BEHEER BV	Netherlands	100	
G4S SERVICES BV	Netherlands	100	
G4S PUBLIC SECURITY BV	Netherlands	100	
G4S TOEZICHT & HANDHAVING B.V.	Netherlands	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
G4S OVERSEAS HOLDINGS BV	Netherlands	100	
G4S PAY B.V.	Netherlands	100	
G4S CASH SOLUTIONS HOLDINGS NO 2 B.V.	Netherlands	100	
G4S DIRECT BV	Netherlands	100	
Evert van de Beekstraat 1, Ruimtenr. 66 The Base C, 2e etage Schiphol, NL 1118CL			
G4S AVIATION SECURITY BV	Netherlands	100	
Galvanistraat 89, 6716 AE Ede, Netherlands			
G4S TRAINING & SAFETY BV	Netherlands	100	
G4S PERSONNEL BV	Netherlands	100	
ROTUS BV	Netherlands	100	
Donk 1 c Barendrecht, NL 2991 LE			
G4S FIRE & SAFETY BV	Netherlands	100	
Radonstraat 100 Zoetermeer, NL 2718TA			
INZETBAAR BV	Netherlands	100	
Level 3, 2 Kalmia Street, Ellerslie, 1051, New Zealand			
G4S NEW ZEALAND LTD	New Zealand	100	
Reparta Belmonte, Dr. Hospital Velez Paiz, 1 Cuadra Holis Arriba, Nicaragua			
G4S SECURE SOLUTIONS NICARAGUA, SOCIEDAD ANÓNIMA	Nicaragua	51	
27, Oba Akinjobi Street, GIRA, Ikeja, Lagos, Nigeria			
OUTSOURCING SERVICES LTD	Nigeria	99.9	
G4S SECURE SOLUTIONS NIGERIA LTD	Nigeria	100	
ARMORGROUP (NIGERIA) LTD	Nigeria	100	
13A, A.J. Marinho Drive, Victoria Island, Lagos, Nigeria			
SCHC LTD	Nigeria	99	
AIB Plaza, Off Akin Adesola Street, Victoria Island, Lagos, Nigeria			
G4S TRACKING SOLUTIONS LTD	Nigeria	60	
1 Murtala Mohammed Drive (Formerly Bank Road), Ikoyi, Lagos, Nigeria			
ASSETGUARD SERVICES LTD	Nigeria	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Plot 7a Acme Road, Block C, Ogba Inustrial Scheme, Ikeja, Lagos, Nigeria			
G4S/GLOBAL RISKS NIGERIA LTD	Nigeria	100	
PMB 384 PPP Box 1000, 96950 Saipan, Northern Mariana Islands			
G4S SECURE SOLUTIONS (CNMI) INC.	Northern Mariana Islands	100	
P.O. Box 1625, 112, Ruwi Muscat, Oman			
G4S SECURITY SOLUTIONS LLC	Oman	49	
G4S SERVICES LLC	Oman	49	
B-61, KDA Scheme 01, 7550 Karachi, Pakistan			
HILL & ASSOCIATES PAKISTAN (PVT.) LTD	Pakistan	100	
Calle 41, 2-40 Bella Vista, Panama			
INVERSIONES SETESCA	Panama	100	
SEGURIDAD TECNICA SA	Panama	44	
TELEMETRIA Y ALARMA SA	Panama	17.6	
DETECTA SA	Panama	44	
LIMPIE SA	Panama	44	
METERS CORP.	Panama	100	
Marbella, Ave. Aquilino de la Guardia Ocean Business Plaza, Piso 17-1704, Panama City, Panama			
G4S S.A.	Panama	100	
Level 2, G4S Haus, Portion 2515, Milinch of Granville Konedobu, NCD. PO Box 589 Port Moresby, PG 121			
G4S SECURE SOLUTIONS (PNG) LTD	Papua New Guinea	100	
Sinton Spence Chartered Accountants 2nd Floor Brian Bell Plaza Turmu St. Boroko, Boroko, Papua New Guinea			
MONT BLANC LTD	Papua New Guinea	100	
PO Box 5392 Boroko NCD, Papua New Guinea			
G4S PNG LTD	Papua New Guinea	100	
Nery Quevedo 315 Esq. Hipolito Garron, Asuncion, Paraguay			
WACKENHUT PARAGUAY SA	Paraguay	80	

Company Name	Country of Incorporation	% owned by group	% owned by plc
Av. El Sol 916, Urbanización La Campiña., Chorrillos, Lima, Peru			
G4S PERU S.A.C.	Peru	99.9	
G4S SECURE MONITORING AND RESPONSE PERU S.A.C.	Peru	99	
Carretera #1 Plaza Bairoa, Suite 211, Caguas, Puerto Rico			
G4S SECURE SOLUTIONS (PUERTO RICO) INC.	Puerto Rico	100	
Building 1, 4 Ukhtomsky Pereulok, 111020 Moscow, Russia			
G4S EURASIA LLC	Russia	100	
9 Malaya Semenovskaya Str. Bldg 1 Moscow, RU 107023			
LLC GROUP 4 SECURICOR	Russia	99	
5698 Nyarutarama, P.O. Box 7230, Kigali, Rwanda			
G4S RWANDA LTD	Rwanda	99	
P.O. Box CP 6098 Conway Post Office, Castries, Saint Lucia			
G4S SECURE SOLUTIONS (ST.LUCIA) LTD	Saint Lucia	100	
Building Jeddah - Al Sharfiya District Abo Baker Al Siddiq Street - Madinah Uptown Road PO Box 5285 Jeddah, SA 21422			
AL MAJAL GROUP 4S FOR SECURITY AND SAFETY LIMITED LIABILITY COMPANY	Saudi Arabia	49	
Building Jeddah - Al Sharfiya District Um Al Mo'menin Street, Al Amoudi Building Post Box 6930 Jeddah, SA 21452			
AL MAJAL SERVICE MASTER LLC	Saudi Arabia	49	
Bulevar Peka Dapcevica 32 Belgrade, Serbia			
G4S SECURE SOLUTIONS D.O.O.	Serbia	85	
6 Spur Road, P.O Box, Freetown, Sierra Leone			
G4S SECURE SOLUTIONS (SL) LTD	Sierra Leone	100	
380 Jalan Besar, #10-6/12 ARC 380 Singapore, SG 209000			
GROUP 4 SECURICOR (S) PTE. LTD	Singapore	100	
G4S SECURITY SYSTEMS (S) PTE. LTD	Singapore	100	
G4S SECURE SOLUTIONS (SINGAPORE) PTE. LTD	Singapore	100	25.3
51 Cuppage Road, #10-18, 229469, Singapore			
HILL & ASSOCIATES RISK CONSULTING (SINGAPORE) PTE LTD	Singapore	100	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Visnova 16, 831 01 Bratislava, Slovak Republic			
G4S SECURITY SYSTEMS (SK) S.R.O.	Slovak Republic	100	
G4S SECURE SOLUTIONS (SK), A.S.	Slovak Republic	100	
G4S FIRE SERVICES (SK), S.R.O	Slovak Republic	100	
G4S TECHNOLOGY SOLUTIONS (SK), S.R.O	Slovak Republic	100	
Stegne 21, 1000 Ljubljana, Slovenia			
G4S DRUZBA ZA VAROVANJE D.O.O. (G4S D.O.O.)	Slovenia	96.2	
Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa			
GROUP 4 FALCK (PTY) LTD	South Africa	100	
G4S SECURITY SERVICES (AFRICA) (PROPRIETARY) LTD	South Africa	100	
G4S SECURE SOLUTIONS (SA) (PTY) LTD(iii)	South Africa	41	
G4S AVIATION SECURITY (SA) (PTY) LTD	South Africa	41	
G4S INTEGRITY ASSESSMENT (PTY) LTD	South Africa	41	
GRAY SECURITY SERVICES (SA) (PROPRIETARY) LTD	South Africa	41	
G4S CASH SOLUTIONS (SA) (PTY) LTD(iii)	South Africa	85.01	
G4S INSURANCE (SA) LTD	South Africa	85.01	
ELWIERDA (GAUTENG) (PTY) LTD	South Africa	85.01	
CMS MICRO FINANCE (PTY) LTD	South Africa	85.01	
G4S EMPOWERMENT VENTURES (SA) (PTY) LTD	South Africa	41	
G4S CARE AND JUSTICE SERVICES (SOUTH AFRICA) (PTY) LTD	South Africa	100	
G4S CORRECTION SERVICES (BLOEMFONTEIN) (PTY) LTD	South Africa	81	
GSL REBOUND (PTY) LTD	South Africa	100	
SKYCOM (PTY) LTD	South Africa	41	
ACCESS AND BEYOND (PTY) LTD	South Africa	41	
INTEGRATED SKY FORCE SOLUTIONS (PTY) LTD	South Africa	41	
INVESTMENT SURVEYS (PTY) LTD	South Africa	100	
G4S DEPOSITA (RF) (PTY) LTD	South Africa	100	
G4S ATM ENGINEERING (SA) (PTY) LTD	South Africa	85.01	
INTEGRA (PTY) LTD	South Africa	100	
G4S AFRICA (PROPRIETARY) LTD	South Africa	100	
CMS MANCO (PROPRIETARY) LTD	South Africa	100	
G4S CASH 360 HOLDING (SA) (PTY) LTD	South Africa	100	
Sorento Suite, 5 de Haviland Crescent, Ill Villaggio Persequor Pretoria, Gauteng, South Africa			
INDO BRITISH GARMENTS PVT. LTD, EXTERNAL PROFIT	South Africa	100	
21 Vauxhall Street, 2 Colombo, Sri Lanka			
G4S SECURITY SERVICES (PRIVATE) LTD.	Sri Lanka	60	

Company Name	Country of Incorporation	% owned by group	% owned by plc
8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan			
ARMORGROUP SUDANESE CO LTD	Sudan	100	
Al-Aasar Building, near the Central Post office, Sinjikdar, Damascus, Syria			
GROUP 4 SYRIA LIMITED LIABILITY COMPANY	Syria	29.4	
20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan			
G4S SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
G4S ATM SOLUTIONS (TAIWAN) LTD	Taiwan	100	
G4S PROPERTY MANAGEMENT LTD	Taiwan	100	
G4S SECUREWELL SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
HILL & ASSOCIATES (TAIWAN) LTD	Taiwan	100	
8F-3, No 15, Jingguo Rd, Taoyuan Dist, Taoyuan City 330, Taiwan			
G4S WEI FUNG SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100	
6F, No.320, Sec. 1, Neihu Rd., Neihu Dist.,Taipei City 11493, (R.O.C), 22101 Taipei, Taiwan			
G4S SYSTEM ENGINEERING CORPORATION	Taiwan	85	
16th Floor, Suite 1, No. 266, Sec. 1, Wen-Hwa 2nd Road, Linko Hsiang, Taipei, 22101, Taiwan			
G4S SECURITY SYSTEMS CO. LTD	Taiwan	85	
Plot No. 37, Ali Hassan Mwinyi Road, Kinondoni Municipality, P O Box 5555, Dar Es Salaam, Tanzania			
G4S SECURE SOLUTIONS (TZ) LTD	Tanzania	100	
G4S SUPPORT SERVICES (T) LTD	Tanzania	80	
TDFL, 3rd Floor (Opposite Sheraton Hotel), Dar-es-Salaam, Tanzania			
ARMORGROUP TANZANIA LTD	Tanzania	100	
2922/205-206 Charn Issara Tower II, 11th Floor, New Petchburi Road, Bangkapi, Huaykwang, 10310 Bangkok, Thailand			
G4S (THAILAND) LTD	Thailand	73.5	
G4S SECURITY SERVICES (THAILAND) LTD	Thailand	73.7	
G4S HOLDINGS (THAILAND) LTD	Thailand	73.4	
INTER-ASIAN ENTERPRISES (IAE) COMPANY LTD	Thailand	73.5	
ASIAN HOLDING INTERNATIONAL COMPANY LTD	Thailand	72	
HILL RISK CONSULTING (THAILAND) CO., LTD(iii)	Thailand	49	
G4S HOLDINGS 4 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 3 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 2 (THAILAND) LTD	Thailand	48.9	
G4S HOLDINGS 1 (THAILAND) LTD	Thailand	48.9	
61-63 Edward Street, Port of Spain, Trinidad & Tobago			
G4S HOLDINGS (TRINIDAD) LTD	Trinidad & Tobago	75.5	
G4S SECURE SOLUTIONS (TRINIDAD) LTD	Trinidad & Tobago	75.5	

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Gürsel Mahallesi, İmrahor Caddesi, Premier Kampüs Ofis Blok No: 29A İç Kapı No: 188 Kağıthane Istanbul 34400			
G4S GÜVENLIK HIZMETLERI ANONIM ŞIRKETI	Turkey	100	
G4S ELEKTRONIK SISTEMLERI ANONIM ŞIRKETI	Turkey	100	
Plot 6, Nakasero Road, Nakasero, Kampala, Uganda			
G4S SECURE SOLUTIONS (UGANDA) LTD	Uganda	100	
Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda			
ALARM PROTECTION SERVICES LTD	Uganda	100	
21-A, Stepan Bandera Avenue Obolonskyi District Kyiv City, UA 04073			
GROUP 4 SECURITAS LLC	Ukraine	99.4	
G4S SECURE SOLUTIONS (UKRAINE) LTD	Ukraine	100	
G4S SECURITY SOLUTIONS (UKRAINE) LTD	Ukraine	100	
3rd & 4th Floor Ali & Sons building Rawdhat Abu Dhabi, AE			
G4S SECURE SOLUTIONS LLC	United Arab Emirates	49	
P.O. Box 32634, Dubai, United Arab Emirates			
GROUP 4 FALCK SERVICES LLC	United Arab Emirates	49	
GROUP 4 SECURICOR INFORMATION TECHNOLOGY UAE LLC (G4S)	United Arab Emirates	48.5	
GROUP 4 SECURICOR FACILITY SERVICES LLC (G4S)	United Arab Emirates	48.5	
SHAMS AGRICULTURAL SERVICES L.L.C (G4S)	United Arab Emirates	48.5	
FIRST SELECT UAE LLC	United Arab Emirates	48.5	
P.O. Box 31859, Abu Dhabi, United Arab Emirates			
G4S ALARM MONITORING SERVICES LLC	United Arab Emirates	50	
Unit No: 134, DMCC Business Centre, Level No 8 Jewellery & Gemplex 2 Dubai, AE			
G4S REGIONAL MANAGEMENT MIDDLE EAST DMCC	United Arab Emirates	100	
Dubai, 215634, United Arab Emirates			
G4S EVENTS SERVICES UAE LLC	United Arab Emirates	48.5	
3W 415b Dubai Airport Freezone Dubai, AE PO Box 32634			
G4S CASH 360 INTERNATIONAL FZCO	United Arab Emirates	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
46 Gillingham Street, Pimlico, London SW1 1HU United Kingdom			
G4S UK HOLDINGS LTD(iii)	United Kingdom	100	
G4S 084 (UK) LTD	United Kingdom	100	99.8
G4S CARE AND JUSTICE SERVICES (UK) LTD	United Kingdom	100	
G4S 308 (UK) LTD	United Kingdom	100	
G4S 309 (UK) LTD	United Kingdom	100	
G4S REGIONAL MANAGEMENT (UK&I) LTD(iii)	United Kingdom	100	
G4S FACILITIES MANAGEMENT (UK) LTD(iii)	United Kingdom	100	
G4S OVERSEAS HOLDINGS LTD	United Kingdom	100	
G4S GOVERNMENT AND OUTSOURCING SERVICES (UK) LTD	United Kingdom	100	
STRATUS INTEGRATED SERVICES LTD	United Kingdom	100	
G4S HEALTH SERVICES (UK) LTD	United Kingdom	100	
G4S INVESTIGATION SOLUTIONS (UK) LTD	United Kingdom	100	
G4S FINANCE (SOUTH AFRICA) LIMITED	United Kingdom	100	100
G4S MONITORING TECHNOLOGIES LTD	United Kingdom	100	
G4S CASH SOLUTIONS HOLDINGS LTD	United Kingdom	100	
G4S CASH 360 INTERNATIONAL LTD	United Kingdom	100	
G4S RETAIL SOLUTIONS HOLDINGS LTD	United Kingdom	100	
GROUP 4 LTD	United Kingdom	100	
G4S GLOBAL HOLDINGS LTD	United Kingdom	100	
SECURICOR LTD	United Kingdom	100	
G4S INTERNATIONAL 105 (UK) LTD	United Kingdom	100	
G4S AMERICAS (UK) LTD	United Kingdom	100	
G4S AVIATION (FRANCE) LTD	United Kingdom	100	
G4S HOLDINGS UK (AG) LTD	United Kingdom	100	
G4S NOMINEES LTD	United Kingdom	100	
G4S INTERNATIONAL HOLDINGS LTD	United Kingdom	100	
G4S FINANCE MANAGEMENT (AG) LTD	United Kingdom	100	
G4S FINANCE LTD	United Kingdom	100	
FIRST SELECT HOLDINGS LTD	United Kingdom	100	
G4S US HOLDINGS LTD	United Kingdom	100	
G4S WORLDWIDE HOLDINGS LTD	United Kingdom	100	
G4S DEFENCE SYSTEMS EURASIA LTD	United Kingdom	100	
G4S DSL HOLDINGS LTD (ii)	United Kingdom	100	
G4S HOLDINGS INTERNATIONAL (AG) LTD	United Kingdom	100	
G4S US INVESTMENTS LTD	United Kingdom	100	
IBG HOLDINGS (UK) LTD	United Kingdom	100	
G4S CORPORATE SERVICES LTD	United Kingdom	100	100
G4S FINANCE (BRAZIL) LTD	United Kingdom	100	100
G4S TRUSTEES LTD*	United Kingdom	100	100
5th Floor, Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom			
G4S INTERNATIONAL FINANCE PLC	United Kingdom	100	100

* Pension trust not part of the consolidation.

39. Details of Related Undertakings of G4S plc *continued*

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc
Challenge House, International Drive, Tewkesbury, Gloucestershire, GL20 8UQ, United Kingdom			
G4S TECHNOLOGY LTD	United Kingdom	100	
AMAG TECHNOLOGY LTD	United Kingdom	100	
Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD, United Kingdom			
G4S CASH SOLUTIONS (UK) LTD	United Kingdom	100	
G4S CASH CENTRES (UK) LTD	United Kingdom	100	
G4S CASH SOLUTIONS EMPLOYEES' CRIMINAL ATTACK FUND LTD (v)	United Kingdom		
G4S BULLION SOLUTIONS (UK) LTD	United Kingdom	100	
G4S GURKHA SERVICES (UK) LTD	United Kingdom	100	
G4S SECURITY SERVICES (UK) LTD	United Kingdom	100	
G4S AVIATION SERVICES (UK) LTD	United Kingdom	100	
G4S SECURE SOLUTIONS (UK) LTD	United Kingdom	100	
46 Gillingham Street, London, SW1V 1HU, United Kingdom			
G4S RISK MANAGEMENT LTD	United Kingdom	100	
G4S SECURE SOLUTIONS (IRAQ) LTD	United Kingdom	100	
G4S RISK CONSULTING LTD	United Kingdom	100	
G4S ORDNANCE MANAGEMENT LTD	United Kingdom	100	
Site 16 Sydenham Business Park Airport Road West, Belfast, BT3 9LN, United Kingdom			
G4S FIRE AND SECURITY SYSTEMS LTD	United Kingdom	100	
Suite B 2205 W. 126th St. Hawthorne, CA 90250			
AMAG TECHNOLOGY INC(iii)	United States	100	
1395 University Blvd, 33458 Jupiter, FL, United States			
VEBA TRUST	United States	100	
G4S GUATEMALA FACILITY SERVICES, LLC(iv)	United States	100	
G4S SECURE SOLUTIONS (USA) INC.	United States	100	
G4S SECURE SOLUTIONS INTERNATIONAL INC.	United States	100	
RENAISSANCE CENTER MANAGEMENT COMPANY(iii)	United States	90.9	
RONCO CONSULTING CORPORATION	United States	100	
AMERICAN GUARD & ALERT INC.	United States	100	
TWC/FL/01 INC.	United States	100	
WACKENHUT HOMELAND SECURITY, INC.	United States	100	

Company Name	Country of Incorporation	% owned by group	% owned by plc
G4S US INC.	United States	100	
TUHNECKCAW INC.	United States	100	
US DEFENSE SYSTEMS LLC(iv)	United States	100	
G4S RETAIL SOLUTIONS (USA) INC.	United States	100	
WACKENHUT U.S. PROPERTIES INC.	United States	100	
WACKENHUT FOREIGN PROPERTIES INC.	United States	100	
G4S HOLDING ONE INC.	United States	100	
910 Paverstone Drive, 27615 Raleigh, NC, United States			
G4S COMPLIANCE & INVESTIGATIONS, INC.	United States	100	
1 Executive Drive Chelmsford, MA 01824			
G4S TECHNOLOGY HOLDINGS (USA) INC.	United States	100	
G4S TECHNOLOGY SOFTWARE SOLUTIONS LLC(iv)	United States	100	
Suite 3100, 21 North Avenue, MA 01803 Burlington, United States			
G4S ELECTRONICA HOLDING, LLC(iv)	United States	100	
G4S GUATEMALA HOLDING, LLC(iv)	United States	100	
1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States			
G4S SECURE INTEGRATION LLC(iv)	United States	100	
ADESTA LLC	United States	100	
SERVICE AND SUPPLY INTERNATIONAL, INC.	United States	100	
156 College Street, 3rd Floor, 05401 VT, IS, United States			
TITANIA INSURANCE CO OF AMERICA	United States	100	
Cufre 2320, Montevideo, Uruguay			
G4S SECURE SOLUTIONS (URUGUAY) S.A.	Uruguay	80	
Off 50 Meter Road, Hadda, 11805 Sana'a, Yemen			
GROUP 4S SECUTIRY SERVICES YEMEN LTD	Yemen	25	
P.O. Box 32914, 10 H Kabulonga Road, Lusaka, Zambia			
G4S SECURE SOLUTIONS ZAMBIA LTD	Zambia	100	
Plot 3144, Mukwa Road, Lusaka, Zambia			
SAFETECH (COPPERBELT) LTD	Zambia	100	
SAFETECH ZAMBIA LTD	Zambia	100	

39. Details of Related Undertakings of G4S plc *continued*

Associated companies

Company Name	% owned by group	Profit or loss	Registered address
Centerra-Parsons Pacific, LLC	20	not material	7121 Fairway Drive, Suite 301, 33418 Palm Beach Gardens, FL, United States

Joint Ventures

Company Name	Registered address	% owned by group undertakings	Factors on which joint management is based	Date of last financial year if not 31/12
PARKSEC LIMITED	Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta	50.1	Joint venture agreement	
PACIFIC BUILDING SERVICES MANAGEMENT LIMITED (JV)	Level 6, Era Rumana Building Champions Parade, Port Moresby, Papua New Guinea	50	1 director appointed to the board	
BRIDGEND CUSTODIAL SERVICES LIMITED(ii)	Challenge House, International Drive, Tewkesbury, GL20 8UQ, United Kingdom	58.68	Joint venture agreement	30 September
BLOEMFONTEIN CORRECTIONAL CONTRACTS (PTY) LIMITED	Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa	20	Joint venture agreement	30 September
POLICITY – OPERATOR LIMITED	Virginia 1, Beit Shemesh, Israel	50	Joint venture agreement	
G4S QATAR S.P.C	Villa no. 321, Corner of Abduallah Bin Rawaha Street, C Ring Road, P.O. Box 18592 Doha, Qatar	0	Joint venture agreement	
BUSINESS CASH CENTER S.A.	Parc Industriel de la CFCIM, lot No63, Bouskoura, Casablanca, Morocco, BP 43	45.7	Joint venture agreement	

CLASSIFICATIONS KEY
(i)Ordinary shares – all (ii), (iii), (iv), (v)
(ii)Deferred shares
(iii) Preference including cumulative, non-cumulative and redeemable shares
(iv) Units
(v) Limited by guarantee

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

At 31 December 2020

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Reserve for own shares £m	Total equity £m
At 1 January 2020	**388**	**258**	**423**	**–**	**(13)**	**1,056**
Comprehensive income						
Profit for the year	**–**	**–**	**21**	**–**	**–**	**21**
Other comprehensive income						
Items that will not be re-classified to profit or loss:	**–**	**–**	**–**	**–**	**–**	**–**
Re-measurements relating to defined retirement benefit scheme	**–**	**–**	**59**	**–**	**–**	**59**
Tax on items taken directly to equity	**–**	**–**	**(5)**	**–**	**–**	**(5)**
Total comprehensive income	**–**	**–**	**75**	**–**	**–**	**75**
Transactions with owners:						
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**
Own shares purchased	**–**	**–**	**–**	**–**	**(4)**	**(4)**
Own shares awarded	**–**	**–**	**(7)**	**–**	**7**	**-**
Share-based payments	**–**	**–**	**8**	**–**	**-**	**8**
	–	**–**	**1**	**–**	**3**	**4**
At 31 December 2020	**388**	**258**	**499**	**–**	**(10)**	**1,135**
At 1 January 2019	388	258	722	–	(14)	1,354
Comprehensive loss						
Loss for the year	–	–	(36)	–	–	(36)
Other comprehensive loss						
Items that will not be re-classified to profit or loss:						
Re-measurements relating to defined retirement benefit scheme	–	–	(127)	–	–	(127)
Tax on items taken directly to equity	–	–	22	–	–	22
Total comprehensive loss	–	–	(141)	–	–	(141)
Transactions with owners:						
Dividends paid	–	–	(150)	–	–	(150)
Own shares purchased	–	–	–	–	(11)	(11)
Own shares awarded	–	–	(12)	–	12	–
Share-based payments	–	–	4	–	–	4
	–	–	(158)	–	1	(157)
At 31 December 2019	388	258	423	–	(13)	1,056

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 £m	2019 £m
ASSETS			
Non-current assets			
Intangible assets	(d)	**38**	40
Investments in subsidiaries	(e)	**3,066**	3,032
Trade and other receivables	(f)	**1,349**	1,355
Retirement benefit surplus	(g)	**76**	64
Deferred tax assets	(h)	**85**	108
		4,614	4,599
Current assets			
Trade and other receivables	(f)	**100**	58
Current tax asset		**5**	13
Cash and cash equivalents		**155**	2
		260	73
Assets classified as held for sale	(i)	**–**	7
		260	80
Total assets		**4,874**	4,679
LIABILITIES			
Current liabilities			
Bank overdraft		**(13)**	(4)
Loan notes (unsecured)	(j)	**–**	(56)
Trade and other payables	(k)	**(3,382)**	(3,121)
		(3,395)	(3,181)
Non-current liabilities			
Loan notes (unsecured)	(j)	**(81)**	(86)
Retirement benefit obligations	(g)	**(263)**	(356)
		(344)	(442)
Total liabilities		**(3,739)**	(3,623)
Net assets		**1,135**	1,056
EQUITY			
Share capital	(m)	**388**	388
Share premium		**258**	258
Retained earnings[1]	(n)	**499**	423
Reserve for own shares	(o)	**(10)**	(13)
Total equity		**1,135**	1,056

1. The profit for the financial year was £21m (2019: loss £36m).

The parent company financial statements on pages 159 to 169 were approved by the board of directors and authorised for issue on 18 April 2021.

They were signed on its behalf by:

Ashley Almanza
Director

Tim Weller
Director

Company's registered number 4992207

(a) General information

G4S plc (the 'company') is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a public company, limited by shares. The company's registered office is given on page 77. The company's principal activities during the year have been as a holding company. The financial statements are presented in sterling, which is the company's functional currency, and in millions of pounds.

(b) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101-Reduced Disclosure Framework.

(c) Significant accounting policies

Basis of preparation

The financial statements have been prepared under the going concern basis and using the historical cost convention, except for the revaluation of certain financial instruments held at fair value through profit and loss, in accordance with Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')). The principal accounting policies and measurement bases adopted are the same as those disclosed in note 3 to the consolidated financial statements including the new standards adopted, except as noted below, and have been applied consistently to all the years presented, unless stated otherwise. Judgments made by the directors in the application of these accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, have been disclosed in note 4 to the consolidated financial statements.

Going concern

The company's business activities, together with factors likely to affect its future development, performance, cash flows and financial position are set out in the Strategic Report on pages 2 to 27. In addition, note 28 to the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considered its future funding requirements taking into account its long-term customer contract portfolio, flexible cost base, geographically diverse operating footprint and breadth of customer industry groupings all of which mean that the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the Covid-19 pandemic. This consideration has included review of the Group's budget and business plan over a period of at least 12 months from the signing of the annual report and sensitivity analysis and stress testing of the budget and business plan projections, including severe but plausible downside scenarios (based on enduring Covid-19 related budget and plan shortfalls similar to those experienced in 2020 and earlier than anticipated crystallisation of certain provisions at values above the levels currently provided), over the same period.

On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group. The acquisition of the Group has triggered certain change of control rights in the Group's borrowing agreements and this, coupled with scheduled debt redemptions, means that approximately £2.2 billion of the Group's outstanding borrowings will require repayment in 2021 and the Group's £650m revolving credit facility was cancelled shortly after 6 April 2021. Allied has undertaken to fund the majority of G4S's forthcoming borrowing repayments through £1.9 billion of intragroup lending from Allied to G4S and partially to mitigate the impact of the cancellation of the revolving credit facility by providing G4S with access to a €300m revolving credit facility via Atlas UK Bidco Limited.

Atlas Ontario LP, the ultimate holding company of the Allied Universal Security Group, and certain key Allied Group companies (collectively the "Allied Parties") have entered into a Deed of Undertaking with G4S, under which the Allied Parties irrevocably and unconditionally undertake to (and undertakes to procure that its Affiliates and Subsidiaries (excluding G4S and the Group will)):

- provide such financial support to the Group as is required for the Company (and each member of the Group) to continue to be able to operate as a going concern and meet its debts as they fall due;
- not seek the early repayment of any amounts advanced to the Group by it, or any of its Affiliates, and shall only seek to refinance the Group's existing financial indebtedness using committed funding made available on appropriate terms such that (taking into account such alternative funding) the Company (and each member of the Group) will continue to be able to operate as a going concern and meet its debts as they fall due; and
- advance to the Company (and the Group) such amounts as the Company (and each member of the Group) may require in order to ensure that the Company (and each member of the Group) is able to operate as a going concern, meet its debts as they fall due and fulfil its day-to-day funding and liquidity needs;

with such undertakings to remain in full force and effect for a period ending on the date falling 12 months after the date of approval of the Group's financial statements. As part of the Deed of Undertaking, the Allied Parties have represented and warranted the quantum and maturity of the incremental financing facilities that have been entered into in connection with the G4S acquisition and that they will, at all times have sufficient and available committed financing sources to meet their (and their Subsidiaries' and the Group's) financing requirements for the duration of the 12 month assessment period. The Group has made enquiries to assess the information provided in respect of the incremental financing facilities.

Having considered the assessment of the Group's future funding requirements, sensitivity analysis and stress testing of the Group's budget and business plan as set out above and on the basis of the irrevocable and unconditional undertaking entered into by the Allied Parties, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the company financial statements.

Exemptions

In accordance with section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own income statement.

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.

These disclosure exemptions relate to:

- the requirements of IAS 7 – Statement of Cash Flows;
- the statement of compliance with International Financial Reporting Standards adopted by the European Union pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- 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 and certain other additional comparative information;
- information on the assumptions used in the determination of fair value and recoverable amounts of cash-generating units containing goodwill and management's approach to determining these amounts;
- financial instruments disclosures required by IFRS 7 – Financial Instruments: Disclosures;
- disclosures required by IFRS 13 – Fair Value Measurement;
- 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.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for impairment. The accounting policy for impairments is disclosed in note 3(i) to the consolidated financial statements.

Intangible assets

Intangible assets primarily relate to expenditure incurred in developing the Javelin ERP system and are stated at cost, net of amortisation and any provision for impairment. Amortisation is charged to the income statement to write off the cost of the assets by equal annual instalments over their expected useful economic lives, up to a maximum of 10 years.

Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method. The company uses simplified approach for the impairment review of trade receivables and general approach for the loans to subsidiaries. Amounts owed by Group undertakings are classified according to the intention of repayment of these loans.

Share-based payments

The company issues equity-settled share-based payments to certain employees. The fair value of equity-settled share-based payments is determined at the date of grant and is either expensed in income statement if it relates to employees of the company or capitalised as an investment in the relevant subsidiary if it relates to the employees of a subsidiary company, with a corresponding increase in equity, and amortised on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest. The amount expensed or capitalised is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions.

The company also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is re-measured at each reporting date and at the date on which the liability is settled. The fair value of cash-settled share-based payments is expensed in the income statement if it relates to employees of the company and capitalised as an investment in the relevant subsidiary if it relates to employees of a subsidiary company.

Financial guarantees

The company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The company considers these to be insurance arrangements and accounts for them as such. The company therefore treats such contracts as a contingent liability unless and until such time as it becomes probable that the company will be required to make a payment under the guarantee. The contingent liabilities are disclosed in note (t).

Tax losses

Where tax losses are surrendered between group entities, it is group policy that payment is made by the claimant entity to the surrendering entity equal to the tax saved as a result of the surrender.

Adoption of new and revised accounting standards and interpretations

There was no material effect from the adoption of any new and revised standards or interpretations in the year ended 31 December 2020. Further information is presented in note 3(v) to the consolidated financial statements.

(d) Intangible assets

	Software £m
Cost	
At 1 January 2020	54
Additions	3
At 31 December 2020	57
Accumulated amortisation	
At 1 January 2020	(14)
Amortisation charge	(5)
At 31 December 2020	(19)
Carrying amount	
At 31 December 2019	40
At 31 December 2020	**38**

Increase in the year primarily relate to additions in the software systems.

(e) Investments in subsidiaries

Subsidiary undertakings	**2020 £m**	2019 £m
Shares at net book value:		
At 1 January	**3,032**	3,101
Additions	**36**	–
Contribution through share-based payments	**5**	2
Impairment	**(7)**	–
Disposal	**–**	(71)
At 31 December	**3,066**	3,032

During the year, the company has subscribed to additional shares in two of its wholly owned subsidiaries.

Full details of all investments held by the parent company are disclosed in note 39 to the consolidated financial statements. Impairment charge of £7m (2019: Nil) was recorded in respect of the company's investments in subsidiaries during the year.

(f) Trade and other receivables

	2020 £m	2019 £m
Within current assets		
Amounts owed by Group undertakings – trade	**60**	56
Amounts owed by Group undertakings – other	**1**	1
Other receivables	**1**	1
Break fee escrow[1]	**38**	–
Total trade and other receivables within current assets	**100**	58
Within non-current assets		
Amounts owed by Group undertakings – loan	**1,344**	1,349
Derivative financial instruments at fair value (note (l))	**5**	6
Total trade and other receivables within non-current assets	**1,349**	1,355

Amounts owed by Group undertakings are unsecured, interest-free or interest-bearing based on market rates ranging from 0.956% to 18.1%, and repayable on demand.

1. 14 December 2020, the Group entered into an agreement with Allied Universal Topco LLC to pay a sum of £38 million into an escrow account in relation to the break fee arising from the Cooperation Agreement entered into between the company and Allied. The £38m held in escrow has been excluded from cash and cash equivalents on the basis of the restrictions on its availability for the use by the company. On 6 April 2021, G4S became a subsidiary of Atlas UK Bidco Limited, part of the Allied Universal Security Group resulting in G4S plc being released from any potential obligation to pay the break fee and the amount held in escrow in this respect was repaid on 9 April 2021.

(g) Retirement benefit obligations

The company is the sponsoring company for the Group's UK defined benefit pension scheme, to which it provides a guarantee over all payments to be made to the scheme by the operating companies. The following disclosures relate to the UK scheme only and are given because the disclosures in note 29 of the Group financial statements refer to the consolidated Group position and include certain non-UK schemes.

The amounts recognised in the statement of financial position and the various components of income, other comprehensive income and cash flow are as follows:

2020	Obligation £m	Assets £m	Deficit £m
At 1 January 2020	**(2,717)**	**2,425**	**(292)**
Amounts recognised in income			
Current service cost (in cost of sales)	(1)	–	(1)
Past service cost – curtailments	(2)	–	(2)
Settlement	5	(6)	(1)
Interest on obligations and assets (in finance costs)	(53)	48	(5)
Administration costs paid from plan assets (in administration expenses)	–	(1)	(1)
Total amounts recognised in income	(51)	41	(10)
Re-measurements			
Actuarial gain – change in financial assumptions	(242)	–	(242)
Actuarial gain – change in demographic assumptions	(21)	–	(21)
Actuarial loss – experience	30	–	30
Return on assets	–	292	292
Re-measurement effects recognised in other comprehensive income	(233)	292	59
Cash			
Employer contributions	–	56	56
Benefits paid from plan assets	95	(95)	-
Net cash	95	(39)	56
At 31 December 2020[1]	**(2,906)**	**2,719**	**(187)**

1. Retirement benefit surplus £76m and retirement benefit obligation £263m.

2019	Obligation £m	Assets £m	Deficit £m
At 1 January 2019	(2,432)	2,219	(213)
Amounts recognised in income			
Current service cost (in cost of sales)	(2)	–	(2)
Past service cost – curtailments	3	–	3
Interest on obligations and assets (in finance costs)	(68)	63	(5)
Administration costs paid from plan assets (in administration expenses)	(1)	–	(1)
Total amounts recognised in income	(68)	63	(5)
Re-measurements			
Actuarial gain – change in financial assumptions	(343)	–	(343)
Actuarial loss – change in demographic assumptions	34	–	34
Actuarial gain – experience	(2)	–	(2)
Return on assets	–	184	184
Re-measurement effects recognised in other comprehensive income	(311)	184	(127)
Cash			
Employer contributions	–	53	53
Benefits paid from plan assets	94	(94)	–
Net cash	94	(41)	53
At 31 December 2019[1]	(2,717)	2,425	(292)

1. Retirement benefit surplus £64m and retirement benefit obligation £356m.

Contributions in 2020 included £53m (2019: £52m) of additional contributions in respect of the deficit in the UK scheme.

(h) Deferred tax assets

The reconciliation of deferred tax assets is as follows:

	Intangible assets £m	Retirement benefit obligation £m	Share-based payments £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2020	**1**	**50**	**1**	**47**	**9**	**108**
Charge to the income statement	**–**	**(9)**	**–**	**(12)**	**(3)**	**(24)**
Credit to the income statement – change in tax rate	**–**	**–**	**–**	**5**	**1**	**6**
Charge to equity	**–**	**(11)**	**–**	**–**	**–**	**(11)**
Credit to equity - change in tax rate	**–**	**6**	**–**	**–**	**–**	**6**
At 31 December 2020	**1**	**36**	**1**	**40**	**7**	**85**
At 1 January 2019	1	37	2	45	11	96
(Charge)/credit to the income statement	–	(9)	(1)	2	(2)	(10)
Credit to equity	–	21	–	–	–	21
Charge to equity – change in tax rate	–	1	–	–	–	1
At 31 December 2019	1	50	1	47	9	108

At 31 December 2020, the company had unutilised tax losses of approximately £292m which includes £87m of interest restrictions carried forward (2019: £272m which includes £53m of interest restrictions carried forward) potentially available for offset against future profits. A deferred tax asset of £46m which includes a deferred tax asset of £7m of interest restrictions carried forward (2019: £46m which includes a deferred tax asset of £9m of interest restrictions carried forward) has been recognised in respect of these unutilised tax losses based on expected/forecast profitability from approved budgets and business plans.

(h) Deferred tax assets *continued*

In addition, the company has estimated capital losses of approximately £2.7bn (2019: £2.7bn) of which £2.7bn (2019: £141m) have been agreed with HMRC. In 2020, the company has recognised a deferred tax asset of £1m (2019: £10m) in relation to capital losses on the basis of future planned transactions which would result in a capital gain. Following legislation brought in during 2020, the use of brought forward capital losses is restricted to 50% of capital gains arising on or after 1 April 2020. This has been taken into account.

The tax losses for which a deferred tax asset has been provided will be utilised within the next seven years. This loss utilisation period is based on approved budgets and business plans for the first five years and an assumption that profits remain stable from the end of the five year forecast period.

The loss utilisation period has been stress tested based on a 8% reduction in UK taxable income compared to approved budgets and business plans. Such reductions in UK taxable income would extend the utilisation period by one year.

A deferred tax asset has been recognised in G4S plc based on a utilisation period in excess of five years as the company's profits are derived from the provision of intellectual property to the worldwide group. It is considered that this source of income is sufficiently diversified to support a recognition period in excess of five years.

The re-assessment of deferred tax assets primarily relates to capital losses which were previously forecast to be utilised on the disposal of the Group’s conventional cash businesses.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £12m, and increase the deferred tax asset by £15m.

(i) Assets classified as held for sale

Assets held for sale at 31 December 2019 comprised investments in subsidiaries that were subject to the sale of the cash business to Brinks (as described in note 15 to the consolidated financial statements) with a carrying value of £7m. There were no assets held for sale at 31 December 2020.

(j) Loan notes (unsecured)

	2020 £m	2019 £m
The loan notes are repayable as follows:		
Within one year	**–**	56
In the second year	**81**	–
In the third to fifth years inclusive	**–**	86
Total loan notes	**81**	142

The company issued fixed rate loan notes in the US Private Placement market totalling US$550m on 1 March 2007. US$100m of these notes matured and were repaid on 1 March 2014, US$ 200m of these notes matured and were repaid on 1 March 2017, US$145m of these notes matured and were repaid on 1 March 2019, and the remaining notes mature in March 2022 (US$105m).

The company issued further fixed-rate loan notes in the US Private Placement market totalling US$514m and £69m on 15 July 2008. US$65m of these notes matured and were repaid on 15 July 2013, US$150m matured and were repaid on 15 July 2015, £25m matured and were repaid on 15 July 2016, US$224m and £44m matured and were repaid on 15 July 2018. The final remaining notes totalling £75m matured and were repaid on 15 July 2020.

All loan notes are stated at amortised cost. The loan notes issued in March 2007 are designated in a fair value hedge relationship and their carrying value includes a fair value adjustment in relation to the hedged interest rate risk. Derivatives relating to the loan notes, described in note (l), have a fair value loss in the year of £1m (2019: £2m). The management of currency risk and interest rate risk is also described in note (l).

Together with G4S International Finance plc, the company has access to a £650m (2019:£750m) revolving credit facility of which £136m matures in August 2024 and £514m matures in August 2025. As at 31 December 2020 this was undrawn. In addition, the company, along with G4S International Finance plc, cancelled the undrawn bridge facility which had been reduced from £300m to £200m in March 2020.

(k) Trade and other payables

	2020 £m	2019 £m
Within current liabilities:		
Amounts owed to Group undertakings - trade	**204**	161
Amounts owed to Group undertakings – loan	**3,172**	2,955
Other taxation and social security costs	**1**	1
Accruals	**2**	3
Other payables	**3**	1
Total trade and other payables	**3,382**	3,121

Amounts owed to Group undertakings are unsecured, interest-free or interest-bearing based on market rates, and repayable on demand.

(l) Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

	2020 Assets £m	2019 Assets £m
Interest rate swaps designated as fair value hedges	**5**	6
Maturing after 12 months	**5**	6

The mark-to-market valuation of the derivatives has decreased by £1m (2019: £2m). The gain/(loss) recognised in respect of movements in the fair value of the derivatives is analysed below:

	2020 Income statement £m	2019 Income statement £m
Interest rate swaps designated as fair value hedges	**(1)**	(2)
	(1)	(2)

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy as explained in note 3(g) to the consolidated financial statements. The fair values are calculated using discounted cash flow models. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

Currency risk

The Group conducts business in many currencies. The Group presents its consolidated financial statements in Sterling and as a consequence is subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries. The company, together with its subsidiary G4S International Finance plc, hedges a substantial portion of the Group's exposure to fluctuations in the translation into sterling of the Group's overseas net assets by holding loans in foreign currencies. On consolidation, translation adjustments arising on the translation of foreign currency loans are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges. However, in the company's own financial statements, translation adjustments arising on the translation of foreign currency loans are recognised in the income statement and are in part hedged by cross currency swaps.

Interest rate risk and interest rate swaps

Borrowings issued at fixed rates expose the company to fair value interest rate risk, which the company manages within policy limits approved by the directors. When fixed/floating interest rate debt in the preferred mix is unavailable directly from investors, interest rate swaps are utilised to create the desired blend in accordance with Group Treasury policy which is to maintain a fixed percentage of debt within the range of 25% to 75%. The quantity of interest rate swaps outstanding in the company is expected to continue to decline as treasury activity is increasingly conducted by G4S International Finance plc.

(m) Share capital

Disclosures about the share capital of the company have been included in note 32 to consolidated statements.

(n) Retained earnings

Included in the retained earnings the Company had distributable reserves of approximately £459m as at 31 December 2020 (2019: £384m), subject to filing these Financial Statements with Companies House. When making a distribution to shareholders, the Directors determine profits available for distribution by reference to guidance on realised and distributable profits under the Companies Act 2006 issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017.

The profits of the Company have been received in the form of Interest income, license fees income and dividends from subsidiaries. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the Group and other accessible sources of funds. The distributable reserves is therefore subject to any future restrictions or limitations at the time such distribution is made.

(o) Reserve for own shares

Disclosures about the reserve for own shares of the company have been included in note 33 to the consolidated financial statements.

(p) Auditor's remuneration

Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements have been disclosed in note 8 to the consolidated financial statements.

(q) Staff costs and employees

The average monthly number of employees, including executive directors was:

	2020 Number	2019 Number
Average number of employees (FTE corporate)	10	12

The aggregate remuneration of employees, including executive directors, employed by the Company comprised:

	2020 £m	2019 £m
Wages and salaries	4	4
Social security costs	1	1
Other employee costs	5	3
Total staff costs	10	8

Information about the directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' Remuneration Report on pages 40 to 53.

(r) Share-based payments

The company has both equity-settled and cash-settled share-based payment schemes in place, being the conditional allocations of G4S plc shares. An Employee Benefit Trust established by the Group holds shares to satisfy the vesting of conditional allocation awards. Share-based payments disclosures relevant to the company are presented within note 35 to the consolidated financial statements.

(s) Related-party transactions

Certain disclosures relevant to the company are presented within note 36 to the consolidated financial statements. Company transactions with Group undertakings primarily consist of royalty charges, central service charges and loan transactions.

(t) Contingent liabilities

To help secure cost-effective finance facilities for its subsidiaries, the company issues guarantees to some of the Group's finance providers. At 31 December 2020 guarantees totalling £471m (2019: £473m) were in place in support of such facilities.

The company also guarantees the debt obligations of certain subsidiaries. At 31 December 2020 contingent liabilities of £1,901m (2019: £2,080m) were outstanding in support of such debt obligations.

(u) Dividends

Amounts recognised as distributions to equity holders of the company in the year have been disclosed in note 12 to the consolidated financial statements.

(v) Events after the balance sheet date

In April 2021, the majority of the share capital of the Company was acquired by Atlas UK Bidco Limited and the Company became a subsidiary of the Allied Universal group. The ultimate controlling party is now Atlas Ontario LP.

In addition, deferred tax assets of £30m at the rates substantively enacted at the year end ceased to be recoverable.