

Registration number: 05121608

G4S Health Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

G4S Health Services (UK) Limited

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G4S Health Services (UK) Limited

Company Information

Directors	P C Dove O Keck G C Brockington
Company secretary	R Y Bartlett
Registered office	6th Floor 50 Broadway London SW1H 0DB United Kingdom
Independent auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ United Kingdom

G4S Health Services (UK) Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Fair review of the business

Principal activities

The principal activities of G4S Health Services (UK) Limited (“the Company”) include the provision of medical and forensic services within police constabularies, Sexual Assault Referral Centres (SARCs), local authorities and prisons across the United Kingdom. Additionally, the Company also provides non-emergency patient transport services to certain hospitals.

Financial performance

The Company has net assets of £3,955,000 (2021: net liabilities of £542,000). This represents a year-on-year increase in net assets of £4,497,000 (829.7%).

The Company recorded revenue of £45,887,000 (2021: £38,780,000). This represents a year-on-year increase of £7,107,000 (18.3%). The Company recorded cost of sales of £36,931,000 (2021: £35,922,000). This represents a year-on-year increase of £1,009,000 (2.8%). Overall, the Company recorded gross profit of £8,956,000 (2021: £2,858,000). This represents a year-on-year increase of £6,098,000 (213.4%).

The Company made a profit for the financial year of £4,497,000 (2021: £27,000). This represents a year-on-year increase of £4,470,000 (16555.6%). This year-on-year increase was partially driven by the settlement of a VAT dispute which resulted in a reduction in cost of sales in 2022 which has increased profit by £3,125,000.

G4S Limited is an intermediate parent of the Company. G4S Limited is the parent of the G4S Limited Group (“the Group”). The Company’s ultimate parent undertaking is Atlas Ontario LP. Atlas Ontario LP is the ultimate parent of the Atlas Ontario LP Group (“the Enlarged Group”).

Future developments

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

Key performance indicators

The directors utilise a wide range of financial and operational performance measures to monitor the Company’s business activities. These include financial measures revenue, gross margin and EBITDA. There is also significant focus on operational measures, including Health and Safety performance, staffing levels and employee engagement.

Principal risks and uncertainties

All businesses are subject to risk. Many individual risks are macro-economic or social in nature and thus they are common to many businesses. Below, the risks considered key to the Company have been listed. The key risks are those which would materially damage the Company’s strategy, reputation, business, profitability or assets. This list is in no particular order and it is not an exhaustive list of all potential risks. Some risks may be unknown at present and it may transpire that risks currently considered immaterial become material in the future.

G4S Health Services (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

(1) *Major changes in market dynamics*

Such changes in dynamics could include changes in dynamics with new suppliers, new technologies, government legislation or customer consolidation and could have a negative impact on the Company's revenues and profitability. The key driver that poses a challenge in this sector is labour market changes in the health sector which could result in labour shortages and/or inflate labour rates significantly.

Risk mitigation approach

So as to better understand and influence the market, the company is committed to a policy of proactive engagement across its geographic range, with customers, industry associations, government regulators and employee representatives. We continue to invest in and develop our sales and business development systems. We are placing a renewed focus on customer satisfaction monitoring to improve measurement of our engagement with our clients and therefore making us more effective in driving stronger customer relationships.

(2) *Onerous contractual obligations*

Should the Company commit to sales contracts which result in unavoidable disadvantageous pricing mechanisms, unachievable service levels or excessive liability, these could result in future losses which would have to be recognised upfront based on the Company's best estimate.

Risk mitigation approach

We have strict thresholds for the approval of major bids including completion and review of a comprehensive approval template, a detailed legal review and senior management oversight. These are embedded into our Salesforce opportunity management tool. When appropriate we conduct external reviews of bid models.

(3) *Poor operational service delivery*

Should the Company fail to meet the operational requirements of its customers, including a major failure of delivery at a prison, it could impact its reputation, contract retention and growth.

Risk mitigation approach

The Company, in conjunction with the Group, performs 360° contract assurance reviews which focus on key aspects of contract management and performance.

Senior management perform monthly reviews of contracts where commercial and/or performance issues have been identified. Management also regularly review the largest contracts across the division in which the Company is included.

(4) *Inflation*

Sustained inflation headwinds result in a rise across broader business costs. As an example, labour, which comprises a significant proportion of delivery costs, is typically affected by inflation resulting in sustained wage increases. Increased supplier and energy costs, in addition to rising interest rates, are further inflationary driven items that will have a negative impact on business profitability.

Risk mitigation approach

Mapping out the landscape and identifying the key impacts is integral in financial risk management. Accurate inflation forecasts play a key tool in effectively pricing services potentially impacted by inflationary pressures; this could include building in indexation linked contractual increases. Re-negotiation of contracts with suppliers in advance, pre-empting increases, is a key component in overcoming inflation based price increases further down the line. In addition monetary tightening and robust and timely cash flow forecasting ensure focused re-investment activities in times of rising costs and reduced opportunities.

G4S Health Services (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

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

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

The following paragraphs summarise how directors fulfil their duties:

Long-term view

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

For more details on the principal risks and uncertainties affecting the Company, refer to the description of "Principal risks and uncertainties" above.

Our employees

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

Business relationships

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

Our suppliers help us to deliver our values. We have a responsible purchasing policy consistent with our business ethics and all our suppliers sign up to our Supplier Code of Conduct.

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

G4S Health Services (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

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

Community and environment

The Company plays an important role in society, providing decent employment opportunities and delivering essential services to help keep society safe and secure. The Group engages with various stakeholder groups and experts on Environmental, Social and Governance ('ESG') matters, including government, employee representatives, industry bodies, non-governmental organisations (NGO's) and ESG analysts. The Group undertakes a regular materiality assessment to determine its ESG priorities - (1) Employee health, safety and wellbeing, (2) Human rights, (3) Anti-bribery and corruption, (4) Culture, values and behaviour. The Group also recognises the growing importance of diversity and inclusion through our organisation and the impact of climate change.

The Group recognises that our business activities have a direct and indirect impact on the natural environment and are committed to proactively managing these in a responsible manner. The development of a sustainable business practice helps to increase the efficiency of operations and reduce the resource footprint.

Our reputation

Strong brand and reputation differentiate us in the competitive market place. We hold ourselves, our employees and our business partners to high standards, embodied in the set of our corporate values. These values promote a culture and business interactions based on being Agile, Reliable, Innovative, with a Caring culture that puts Safety first, delivering through Teamwork and acting with Integrity.

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

Acting fairly

The Company is a subsidiary of Atlas Ontario LP and has no external shareholders. We maintain a continuous and open dialogue with our ultimate parent, Atlas Ontario LP, and ensure we stay aligned with the Enlarged Group's values and strategies.

Approved by the Board on and signed on its behalf by:

.....
O Keck
Director

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the Company

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

P C Dove

O Keck

The following director was appointed after the year end:

G C Brockington (appointed 31 July 2023)

Results and dividends

The results for the year are set out on page 18. The directors do not recommend the payment of a dividend (2021: £Nil).

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

Going concern

The financial statements have been prepared on a going concern basis. The Company has received a letter of support from its ultimate parent, Atlas Ontario LP, setting out its intent to provide sufficient financial assistance to the Company if and when it is needed to enable the Company to continue its operations and fulfil its currently anticipated financial obligations now and for a period of not less than 12 months from the date of these accounts. The letter notes that such financial support may include: not seeking the repayment of amounts advanced to the Company by the parent and/or other members of the Enlarged Group unless adequate alternative financing has been secured by the Company; and advancing further amounts to the Company as required by the Company.

Employment of disabled persons

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

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

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

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Employee engagement

The directors' engagement with the Company's employees is facilitated through a variety of initiatives and channels which are decided at a wider level of the Group.

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

- Formal consultative committees and focus groups have been used to ensure that issues of mutual interest can be discussed and resolved.
- Onboarding, induction and refresher training have continued to be a priority. The Company offers all employees the opportunity to increase their skills and knowledge at work. Employees are encouraged to take responsibility for their own learning on an on-going basis using the extensive range of materials available, and using technology platforms to share training and learning paths more effectively.
- Company newsletters, employees magazines and other communications have been used on a regular basis to keep staff informed of events and performance within the Company.
- Specific campaigns on health and safety, our values and Speak Out whistleblowing arrangements have been conducted, linking to the Company's and wider Group's Corporate Social Responsibility focus.

Other stakeholder engagement

The Board's engagement with other stakeholders is largely driven by processes and initiatives which are decided at a wider Group level.

The Company considers its key other stakeholders to be its customers, its suppliers and the wider society in which it operates.

Through understanding our customers' needs we offer value-added, innovative, cost effective integrated security solutions and we build enduring relationships. This understanding comes from strong engagement with customers. Key areas of interest for customers include quality and price of service delivery, expertise in innovation, health and safety and business ethics.

The Company believes in proactive relationship management. During the year directors attended a number of meetings with customers and shared customer feedback and information with the rest of the Board. If, during contract discussions, we consider that a customer's interests are not well served in the long term by our proposals, we will make this clear even if it impacts negatively on our business. Being open and honest with our customers also means that we will raise concerns with them if we become aware of any business practices or processes in their business which we believe are contrary to their values or may compromise our own values. The Board also reviews customers' changing expectations or needs as part of its strategy session every year.

One of the main ways in which the Board considers key suppliers is as part of large contract bid or renewal approvals. We set high standards for our suppliers in the context of our own ethical policy. These standards are explained in our Supplier Code of Conduct. All suppliers are expected to comply with the Code or ensure that there is a clear time frame for full implementation of the Code within their own organisation and their associated suppliers and subcontractors.

The Company recognises that receiving timely reimbursements is of high interest to suppliers. It is our policy to pay suppliers in accordance with agreed terms of trade.

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Environmental matters

The Company recognises that the threat from climate change to the natural environment and social infrastructure is an important and ongoing concern for the Company's organisation, customers, employees and communities. The Company understands its role in ensuring that the UK meets its target of bringing its greenhouse gas emissions to a net zero by 2050, and it is aligned with meeting that timescale if not achieving it sooner.

The Company's key activities are the provision of non-emergency patient transport to and from hospital, healthcare services to offenders and detainees within prisons and other custodial and detention centres, police custody healthcare services and the delivery of sexual assault referral centre ('SARC') services to victims who have experienced rape or sexual assault. The key material Scope 1 environmental impacts arise from the use of the Company's operational fleet.

In 2021, G4S UK & Ireland launched its net-zero carbon strategy, setting an interim science based target using 2020 as a baseline. By 2030, the Company aims to reduce Scope 1 and 2 emissions by 42%, and Scope 3 emissions (purchased goods and services and capital goods) by 25%. By 2050, or sooner, the Company aims to meet all net-zero targets.

During 2022, the Company has invested in further improvements to its greenhouse gas ('GHG') data capture processes, specifically with regard to Scope 3 categories.

To ensure the Company is on track to achieve its net-zero emission ambitions, during 2022 the Company has:

- Continued to transition its vehicle fleet to low-emission vehicles, such as hybrid and electric power. The Company is working with its partners at LeasePlan and Shell to explore further opportunities for decarbonisation. In 2023, Shell will commence the installation of EV charging at major G4S offices and facilities across the UK. The Company's aim is for its addressable fleet to be zero emission by 2040.
- Worked to improve Scope 3 measurement and management. Approximately 80% of the Company's Scope 3 emissions are generated by purchased goods and capital goods. In 2023 the Company has begun a supplier engagement strategy to work towards its decarbonisation goals.

Greenhouse gas emissions

The Company uses the financial control approach to identify the Greenhouse Gas (GHG) emissions for which it has responsibility. The operational boundaries are the geographical delivery within the United Kingdom.

The Company has reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations').

The Company follows the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) GHG Protocols to measure its Scope 1 and 2 emissions for business over which the Company has financial control. In addition, the Company has measured relevant categories of Scope 3 emissions.

The data is based on data collected for the period of 1 January 2022 to 31 December 2022; any exceptions are noted below. Scope 1 and 2 emissions for energy supply to fixed assets is based on invoice data.

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Greenhouse gas emissions (continued)

Scope 3 purchased goods and services, capital goods and water emissions have been converted from spend data. Waste emissions are based on weight data from general waste and confidential waste framework contractors. Other waste emissions are converted from spend data. Air and hotel bookings are based on data from central booking agents, supplemented by additional information on bookings made direct by companies. Radiative Forcing as not been included in air travel calculations. UK rail data is supplied by Trainline.com Limited with Euro Express bookings from our central booking agents. Employee commuting emissions are calculated based on full time employee headcount information for 2020. These numbers were run through a bespoke employee commuting tool, based on UK census data around average modes of travel. Working from home emissions are calculated with reference to the "G4S Global 2nd Home Working Report (Nov 2020)", delivered on 13 November 2020. Scope 3 fuel and energy related activities where the Company pays for its clients energy use as part of its service is based on utility supplier invoice data. Emissions from transportation and distribution of electricity are based on the Scope 2 electricity consumption data. Upstream transportation and distribution emissions are derived from spend data.

Scope 3 for 2021 had previously been calculated using alternative factors and processes. The Company will be reviewing the 2021 information with a view to developing a full data set from 2021 based on standardised approach and UK factors.

Emission factors are taken from UK Government GHG Conversion Factors for the Company Reporting and for the relevant year.

Omissions and estimates

One Scope 1 gas supply Estimated Annual Consumption from supplier was used due to meter issues. Reimbursed business mileage was pro rated from recorded data that was only captured reliably from July 2022.

Renewables

Carbon values are given for electricity based on the consumption (location based reporting rather than market based). The electricity purchased by the Company is backed by Renewable Energy Guarantees of Origin ('REGOs') so is certifiably renewable with a production emission rate of zero.

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Greenhouse gas emissions (continued)

Emission type	Scope	2022 Consumption	2022 Emission (tCO2e)	2021 Consumption	2021 Emission (tCO2e)
Natural Gas and Other Fuel for buildings	1	None	None	None	None
Diesel used in building based generators	1	None	None	None	None
Vehicles Fuel (Diesel) in Freight Vehicles	1	None	None	None	None
Vehicle Fuel (Diesel) in Operational Vehicles	1	829,969 litres	2,124.7	944,179 litres	2,372.1
Vehicle Fuel (Petrol) in Operational Vehicles	1	113,015 litres	244.1	79,172 litres	173.7
Business mileage in Company cars	1	57,772 miles	11.3	Not captured in 2021	
Fugitive Emissions from Building Air-Conditioning	1	None	None	None	None
Fugitive Emissions from Vehicles	1	14.3kg HFC-134a 27.645kg R1234yf	41.34862	10,450g HFC-134a 800g R1234yf	15
Electricity for Buildings	2	64,038 kWh	12.4	67,895 kWh	14.4
Electricity (Transmission and Distribution)	3	For above value	1.132828	For above value	1.28
Electricity (Transmission and Distribution) Indirect	3	Based on total electricity use	3.232619	Not reported	Not reported
Business Travel - Air	3	None	None	None	None
Business Travel - Rail	3	41,110.4 miles	2.93812	Not reported	Not reported
Business Travel - Road	3	47,246 miles	9.6	Not reported	Not reported
Indirect Emissions Well To Tank additions for Scope 1 Road Transport	3	Based on Scope 1 data	575.5	Not reported	Not reported
Business Travel - Hotels	3	435 nights	5	Not reported	Not reported

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Greenhouse gas emissions (continued)

Emission type	Scope	2022		2021	
		Consumption	Emission (tCO ₂ e)	Consumption	Emission (tCO ₂ e)
Homeworking	3	586 hours	0.2	Not reported	Not reported
Commuting	3	Based on FTE and UK census data on travel	150.294404	Not reported	Not reported
Supply chain	3	£23,384,875	5,945.5	Not reported	Not reported
Waste	3	67 tonnes	5.5	Not reported	Not reported
Scope 1 Total			<u>2,421.5</u>		<u>2,560.7</u>
Scope 2 Total			<u>12.4</u>		<u>14.4</u>
Scope 3 Total			<u>6,698.6</u>		<u>1.3</u>
Grand Total			<u><u>9,132.5</u></u>		<u><u>2,576.4</u></u>

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Greenhouse gas emissions (continued)

The emissions from Company funded business travel in vehicles such as company cars and expensed travel have not been captured in 2021 as there was no requirement for this reporting at the start of 2021 as at that time this company was part of a listed public limited company. Protocols were put in place to capture this data for 2022.

Intensity measure

Services delivered by the Company vary on the current portfolio of clients and service contracts in place. The only consistent, stable and applicable performance indicator is annual turnover versus the carbon emissions generated by the Company. This has been the approach since the Company's intermediate parent, G4S Limited, started reporting its GHG emissions in 2008.

The intensity measure used is the quantity of CO₂e per £ of revenue generated. This year the scope of the carbon data capture has been expanded so that two figures are presented, one using comparable scope to the previous year and one indicating the overall intensity ratio of all emissions.

Emissions intensity ratio

t/CO₂e per £m turnover

2021 (as reported last year): 66.4

2022 (with same scope as last year): 52.8

2022 (all emissions): 199

Financial risk management

The Company operates under the financial risk management objectives and policies of its intermediate parent as at balance sheet date, G4S Limited. G4S Limited's key objectives and policies include:

- Liquidity risk is managed in the context of the Enlarged Group to ensure that sufficient funding is available to the Group; and
- Conducting investing and financing activities, wherever possible, in either the Company's local currency or that of its investors (USD\$).

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

G4S Health Services (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

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

Directors' indemnity

Allied Universal Topco LLC has granted indemnities to each of the Company's 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 2022 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. Allied Universal Topco LLC has maintained a directors' and officers' liability insurance policy throughout the year under review.

Disclosure of information to the auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

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

Important non adjusting events after the financial period

There were no material post balance sheet events to note.

Approved by the Board on and signed on its behalf by:

.....
O Keck
Director

G4S Health Services (UK) Limited

Independent Auditor's Report to the Members of G4S Health Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of G4S Health Services (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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

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

G4S Health Services (UK) Limited

Independent Auditor's Report to the Members of G4S Health Services (UK) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Extent to which the audit was considered capable of 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 above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

G4S Health Services (UK) Limited

Independent Auditor's Report to the Members of G4S Health Services (UK) Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These includes payroll and health and safety laws, regulations and tax laws.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- accrued income. In addressing this risk, we have assessed relevant controls over the recording of accrued income to revenue; and tested the appropriateness of a sample of accrued income.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

G4S Health Services (UK) Limited

Independent Auditor's Report to the Members of G4S Health Services (UK) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Matthew Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

Date:.....

G4S Health Services (UK) Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	45,887	38,780
Cost of sales		<u>(36,931)</u>	<u>(35,922)</u>
Gross profit		8,956	2,858
Administrative expenses		<u>(3,209)</u>	<u>(2,880)</u>
Operating profit/(loss)	5	5,747	(22)
Finance income	9	73	40
Finance costs	10	<u>(62)</u>	<u>(63)</u>
Profit/(loss) before income tax		5,758	(45)
Income tax (expense)/credit	11	<u>(1,261)</u>	<u>72</u>
Profit for the financial year		<u><u>4,497</u></u>	<u><u>27</u></u>

The above results were derived from continuing operations.

G4S Health Services (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022	2021
	£ 000	£ 000
Profit for the financial year	<u>4,497</u>	<u>27</u>
Total comprehensive income for the financial year	<u><u>4,497</u></u>	<u><u>27</u></u>

G4S Health Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	(Accumulated losses)/ Retained earnings £ 000	Total £ 000
At 1 January 2021	-	(569)	(569)
Comprehensive income:			
Profit for the financial year	-	27	27
Total comprehensive income for the financial year	-	27	27
At 31 December 2021	<u>-</u>	<u>(542)</u>	<u>(542)</u>
At 1 January 2022	-	(542)	(542)
Comprehensive income:			
Profit for the financial year	-	4,497	4,497
Total comprehensive income for the financial year	-	4,497	4,497
At 31 December 2022	<u>-</u>	<u>3,955</u>	<u>3,955</u>

The notes on pages 22 to 43 form an integral part of these financial statements.

G4S Health Services (UK) Limited

(Registration number: 05121608)

Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Property, plant and equipment	12	1,641	1,411
Intangible assets	13	-	4
Trade and other receivables	14	-	81
Deferred tax assets	11	289	340
		1,930	1,836
Current assets			
Trade and other receivables	14	13,921	8,823
Current tax assets		-	37
		13,921	8,860
Total assets		15,851	10,696
Current liabilities			
Trade and other payables	15	(8,566)	(8,771)
Borrowings		(3)	-
Lease liabilities	16	(1,273)	(1,112)
Current tax liabilities		(1,210)	-
Provisions	17	(523)	(1,095)
		(11,575)	(10,978)
Net current assets/(liabilities)		2,346	(2,118)
Non-current liabilities			
Lease liabilities	16	(321)	(260)
Total liabilities		(11,896)	(11,238)
Net assets/(liabilities)		3,955	(542)
Equity			
Share capital	18	-	-
Retained earnings/(Accumulated losses)		3,955	(542)
Total shareholders' funds/(deficit)		3,955	(542)

The financial statements on pages 18 to 43 were approved by the Board on and signed on its behalf by:

.....
O Keck
Director

The notes on pages 22 to 43 form an integral part of these financial statements.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

G4S Health Services (UK) Limited is incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales, and domiciled in the UK. It is a private company, limited by shares. The Company's registered office is: 6th Floor, 50 Broadway, London, SW1H 0DB.

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

For details of the Company's principal activities, please refer to the Strategic Report on page 2.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

Going concern

The financial statements have been prepared on a going concern basis. The Company has received a letter of support from its ultimate parent, Atlas Ontario LP, setting out its intent to provide sufficient financial assistance to the Company if and when it is needed to enable the Company to continue its operations and fulfil its currently anticipated financial obligations now and for a period of not less than 12 months from the date of these accounts. The letter notes that such financial support may include: not seeking the repayment of amounts advanced to the Company by the parent and/or other members of the Enlarged Group unless adequate alternative financing has been secured by the Company; and advancing further amounts to the Company as required by the Company.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

The Company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of Atlas Ontario LP. Copies of the consolidated financial statements of Atlas Ontario LP may be obtained from the G4S website (www.g4s.com).

These disclosure exemptions relate to:

- IAS 7 “Statement of cash flows”;
- Paragraph 38 of IAS 1 “Presentation of Financial Statements” to present comparative information in respect of: paragraph 79 (a) (iv) of IAS 1, paragraph 73 (e) of IAS 16 “Property, Plant and Equipment” and paragraph 118 (e) of IAS 38 “Intangible Assets” (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, “Presentation of financial statements”: 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS); 38A (requirement for minimum of two primary statements, including cash flow statements); 38B-D (additional comparative information); 111 (statement of cash flows information); and 134-136 (capital management disclosures);
- IFRS 7 “Financial Instruments: Disclosures”;
- Paragraphs 91 to 99 of IFRS 13 “Fair Value Measurement” (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of the second sentence of paragraph 110 and paragraphs 113 (a), 114, 115, 118, 119 (a)-(c), 120-127 and 129 of IFRS 15 “Revenue from contracts with customers”;
- The requirements of paragraphs 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 “Leases”;
- Paragraphs 45 (b) and 46 to 52 of IFRS 2 “Share-based Payment” (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- The exemption from disclosing the impact of standards in issue but not yet adopted;
- Paragraph 17 of IAS 24, “Related party disclosures” (key management compensation);
- The requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group.

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material effect on the Company's financial statements.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

The Company's revenue arises from the provision of non-emergency patient transport services to hospitals, and medical and forensic services within police constabularies, local authorities and prisons across the United Kingdom.

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

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

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

Contract acquisition and fulfilment costs

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

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

Employee benefits - retirement benefit cost

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

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

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

Finance income and finance costs

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

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

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Foreign currencies

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

Income tax

Tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in equity or in other comprehensive income. The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

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

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for contingent tax liabilities and assets on the basis of management judgement following consideration of the available relevant information.

Property, plant and equipment

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

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction, less any estimated residual value, over their estimated useful economic lives on a straight-line basis, as detailed below.

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

Assets held under leases are depreciated over the shorter of their expected useful economic lives and the terms of the relevant lease.

Asset class	Depreciation rate
Leasehold improvements	over the shorter of useful economic life and period of the lease
Right of use assets	over the period of the lease
Equipment and vehicles	3 - 10 years

Intangible assets

Software

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

Amortisation

Amortisation is charged on intangible assets so as to write off the cost of assets, other than goodwill, less any estimated residual value, over their estimated useful economic lives on a straight-line basis, as detailed below.

Where significant, the residual values and the useful economic lives of intangible assets are re-assessed annually.

Asset class	Amortisation rate
Software	3 - 5 years

Impairment of non-financial assets

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

In respect of any asset other than goodwill, 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.

Financial instruments

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

Trade and other receivables

Trade and other receivables do not carry interest. They are initially recognised at fair value which represents the amount of consideration that is unconditional. They are subsequently carried at amortised cost using the effective interest method less loss allowances.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Amounts owed by/to Group undertakings

Amounts owed by/to Group undertakings (members of the Enlarged Group) are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and expense are recognised in the income statement on an accruals basis using the effective interest method.

Accrued income

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

Trade and other payables

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

Deferred income

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

Borrowings

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

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, amounts owed by Group undertakings and other contract assets (being the unbilled work in progress). The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that the Company considers would affect the ability of its customers to settle the receivables.

Provisions

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

The Company provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. The ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercise judgement in measuring the Company's exposure through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

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

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

The Company leases a number of its office properties and vehicles. Rental contracts are typically negotiated over an average term of around three to six years, but may have extension options.

Contracts may contain both lease and non-lease components. The Company has elected to apply the practical expedients of IFRS 16 not to separate non-lease components from lease components (as permitted by paragraph 15 of IFRS 16) and instead accounts for these as a single lease component.

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

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

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

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

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are included within Property, plant and equipment on the Statement of financial position.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, currency and security.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases have been defined by the Company as leases for an asset for which the present value of future lease payments is less than £2,500.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements in applying the entity's accounting policies

Determination of lease term

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

Determination of discount factor

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

Revenue recognition

The Company delivers outsourcing services that in some circumstances can be complex in nature and may be governed by unique contractual arrangements. In these cases, revenue is recognised in line with the contract at the fair value of the consideration received or receivable. In such contracts, there can be significant judgements in relation to variations or claims not specified within the original contract, to interpretation of complex contract wording, including the impact of contractual performance conditions which may give rise to penalties.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Revenue

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

	2022	2021
	£ 000	£ 000
Rendering of services	45,887	38,780

Revenue arose from activities originating solely in the United Kingdom.

Assets and liabilities related to contracts with customers

	2022	2021
	£ 000	£ 000
Assets		
Trade receivables (current)	4,686	1,992
Loss allowance	-	(2)
Accrued income	548	1,024
Assets recognised for costs incurred to fulfil a contract (non-current)	-	81
Total contract assets	5,234	3,095
Current liabilities		
Deferred income	-	(488)

During the year the Company recognised £488,000 of revenue that was held in deferred income as at 31 December 2021 (2021: £Nil of revenue recognised was held in deferred income as at 31 December 2020), and £Nil (2021: £Nil) of revenue in relation to performance obligations satisfied in prior periods.

As at 31 December 2022, the net book value of capitalised contract fulfilment costs was £Nil (2021: £81,000) on the Company's statement of financial position. The Company did not incur any material contract acquisition costs during the current year (2021: none).

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Operating profit/(loss)

Arrived at after charging:

	2022	2021
	£ 000	£ 000
Depreciation on property, plant and equipment	161	6
Depreciation on right of use assets - Property	206	241
Depreciation on right of use assets - Vehicles	2,022	2,268
Amortisation expense	4	7
Loss on disposal of property, plant and equipment	1	8

6 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	20,134	21,931
Social security costs	1,929	2,067
Pension costs, defined contribution scheme	893	1,010
Redundancy costs	8	24
	22,964	25,032

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

	2022	2021
	No.	No.
Operations	1,054	963
Administration and management	30	38
	1,084	1,001

7 Directors' remuneration

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

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Auditors' remuneration

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

	2022	2021
	£ 000	£ 000
Audit of the financial statements	28	53

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

9 Finance income

	2022	2021
	£ 000	£ 000
Interest receivable on amounts owed by Group undertakings	73	40

10 Finance costs

	2022	2021
	£ 000	£ 000
Interest expense on lease liabilities	62	63

11 Income tax expense/(credit)

Tax expensed/(credited) in the income statement is as follows:

	2022	2021
	£ 000	£ 000
Current tax		
UK corporation tax	1,099	(37)
UK corporation tax adjustment to prior periods	110	(1)
Total current tax	1,209	(38)
Deferred tax		
Arising from origination and reversal of temporary differences	40	33
Arising from changes in tax rates and laws	12	(81)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	14
Total deferred tax	52	(34)
Total income tax expense/(credit) in the income statement	1,261	(72)

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Income tax expense/(credit) (continued)

The tax expense/(credit) on profit/(loss) for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit/(loss) before income tax	5,758	(45)
Corporation tax at standard rate	1,094	(9)
Increase/(decrease) in current tax from adjustment for prior periods	110	(1)
Increase from effect of expenses not deductible in determining taxable profit/(tax loss)	45	5
Deferred tax expense from unrecognised temporary difference from a prior period	-	14
Deferred tax expense/(credit) relating to changes in tax rates or laws	12	(81)
Total income tax expense/(credit)	1,261	(72)

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

Deferred tax

Deferred tax assets are as follows:

	Asset
	£ 000
2022	
Accelerated tax depreciation	262
Temporary differences trading	27
Other items	-
	289
2021	
Accelerated tax depreciation	306
Temporary differences trading	34
Other items	-
	340

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Income tax expense/(credit) (continued)

Deferred tax movement during the year is as follows:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	306	(44)	262
Temporary differences trading	34	(7)	27
Other items	-	-	-
Net tax assets	340	(51)	289

Deferred tax movement during the prior year was as follows:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	260	46	306
Temporary differences trading	42	(8)	34
Other items	4	(4)	-
Net tax assets	306	34	340

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

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax assets and liabilities on temporary differences have been provided at 25%.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Property, plant and equipment

	Leasehold improvements £ 000	Equipment £ 000	Right of use assets (Property) £ 000	Right of use assets (Vehicles) £ 000	Total £ 000
Cost					
At 1 January 2022	15	22	1,266	9,418	10,721
Additions	155	-	400	2,182	2,737
Disposals	-	-	(862)	(1,136)	(1,998)
At 31 December 2022	<u>170</u>	<u>22</u>	<u>804</u>	<u>10,464</u>	<u>11,460</u>
Accumulated depreciation					
At 1 January 2022	(2)	21	1,001	8,290	9,310
Charge for the year	160	1	206	2,022	2,389
Eliminated on disposal	-	-	(861)	(1,019)	(1,880)
At 31 December 2022	<u>158</u>	<u>22</u>	<u>346</u>	<u>9,293</u>	<u>9,819</u>
Carrying amount					
At 31 December 2022	<u>12</u>	<u>-</u>	<u>458</u>	<u>1,171</u>	<u>1,641</u>
At 31 December 2021	<u>17</u>	<u>1</u>	<u>265</u>	<u>1,128</u>	<u>1,411</u>

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Intangible assets

	Software £ 000
Cost	
At 1 January 2022	44
At 31 December 2022	44
Accumulated amortisation	
At 1 January 2022	40
Amortisation charge	4
At 31 December 2022	44
Carrying amount	
At 31 December 2022	-
At 31 December 2021	4

14 Trade and other receivables

	2022 £ 000	2021 £ 000
Within current assets		
Trade receivables	4,686	1,992
Loss allowance	-	(2)
Net trade receivables	4,686	1,990
Amounts owed by Group undertakings	7,752	5,694
Accrued income ¹	548	1,024
Prepayments	418	113
Other receivables	517	2
Total trade and other receivables included within current assets	13,921	8,823
Within non-current assets		
Assets recognised for costs incurred to fulfil a contract	-	81
Total trade and other receivables included within non-current assets	-	81

Included in amounts owed by Group undertakings are loans of £5,234,000 (2021: £5,563,000) which are unsecured and repayable on demand. Interest is charged on these loans at the Sterling Overnight Index Average (SONIA) plus a margin of 1% (2021: the London Interbank Offered Rate (LIBOR) plus a margin of 1.5%). All other amounts owed by Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

¹ Accrued income is made up of balances due from customers which have not yet been invoiced by the Company.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Trade and other payables

	2022	2021
	£ 000	£ 000
Trade payables	3,353	3,392
Accrued expenses ¹	2,299	1,730
Amounts owed to Group undertakings	362	361
Social security and other taxes	2,232	2,419
Retirement benefit obligations	92	120
Deferred income	-	488
Other payables	228	261
	8,566	8,771

Amounts owed to Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

¹ Accrued expenses are primarily made up of accruals for vehicle and agency costs.

16 Lease liabilities

Information about leases for which the Company is a lessee is presented below.

(i) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position includes the following amounts relating to leases:

Carrying amount of right-of-use assets

	2022	2021
	£ 000	£ 000
Property	458	265
Vehicles	1,171	1,128
	1,629	1,393

Carrying amount of right-of-use assets is included within property, plant and equipment (see note 12).

Additions to right-of-use assets during the year totalled £2,582,000 (2021: £116,000).

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Lease liabilities (continued)

Lease liabilities

	2022	2021
	£ 000	£ 000
Current lease liabilities	1,273	1,112
Non-current lease liabilities	321	260
	1,594	1,372
	1,594	1,372

Cash payments made during the year in relation to leases amounted to £2,022,000 (2021: £745,000).

(ii) Amounts recognised in the Income Statement

The Income Statement includes the following amounts relating to leases:

Depreciation charge on right-of-use assets

	2022	2021
	£ 000	£ 000
Property	206	241
Vehicles	2,022	2,267
	2,228	2,508
	2,228	2,508

Other income and expenses related to leases

	2022	2021
	£ 000	£ 000
Income from subleasing right-of-use assets	-	-
Interest expense on lease liabilities	62	63
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets	-	-
Variable lease payments not included in lease liabilities	-	-
Gains/(losses) arising from sale and leaseback transactions	-	-

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Lease liabilities (continued)

(iii) The Company's leasing activities

Nature of the Company's leasing activities

The Company leases a number of its office properties and vehicles. Property leases are negotiated over an average term of around six years, at rates reflective of market rentals. Periodic rent reviews take place to bring lease rentals into line with prevailing market conditions. Some, but not all, lease agreements have an option to renew the lease at the end of the lease term. Leased vehicles and other operating equipment are negotiated over an average lease term of three years.

Exposure to future cash outflows not reflected in lease liabilities

- Extension and termination options are included in a number of property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.
- The Company does not provide residual value guarantees in relation to its leases.
- There are no significant lease commitments for leases not commenced at year-end.
- None of the Company's leases contain variable lease payments.

Restrictions or covenants imposed by the leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. For leases of office buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Sale and leaseback transactions

There have been no sale and leaseback transactions in the current year.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Provisions

	Provisions relating to property and obligations arising from legacy contracts £ 000
At 1 January 2022	1,095
Additional provisions in the year	354
Utilisation of provision	(147)
Unused amounts reversed	(779)
	523
At 31 December 2022	523
Current liabilities	523

Provisions consist mainly of legal claims (£192,000), vehicle accident provisions (£169,000) and property-related provisions (£162,000). Management judgement is required in quantifying the Company's provisions, particularly in connection with claims, which are based on a number of assumptions and estimates where the ultimate outcome may be different to the amount provided. Each of these provisions reflects the Company's best estimate of the probable exposure at and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Company is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Company's overall provisioning position in the next 12 months.

18 Share capital

Allotted, called up and fully paid shares

	2022 No.	2022 £	2021 No.	2021 £
Ordinary A shares of £0.10 each	1,100	110	1,100	110
Ordinary B shares of £1 each	100	100	100	100
	1,200	210	1,200	210

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Retirement benefit obligations

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

Defined contribution pension scheme

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

Defined benefit pension schemes

The defined benefit scheme is comprised of three sections: GSL, Group 4 and Securicor. The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary.

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

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

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

20 Share-based payments

All shares allocated to key management of the Company, under the G4S plc performance share plan, vested in full in April 2021 as the Company was de-listed from the London stock exchange upon the takeover by Atlas UK Bidco Limited. Any new incentive units issued subsequently were issued by Atlas Ontario LP and included in the consolidated accounts of that limited partnership.

The weighted average remaining contractual life of conditional share allocations outstanding at 31 December 2022 was nil months (2021: 0 months). The weighted-average share price at the date of allocation of shares allocated conditionally during the year was nil (2021: nil). The weighted-average share price at the date of exercise for the shares exercised during the year was nil (2021: 245p).

21 Contingent liabilities

In the ordinary course of business, contingent liabilities exist where the Company is subject to commercial claims or litigation for a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Company.

G4S Health Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

22 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is G4S Regional Management (UK&I) Limited.

The Company's ultimate parent undertaking and ultimate controlling party is Atlas Ontario LP, a limited partnership formed under the laws of the Province of Ontario, Canada. The registered office of Atlas Ontario LP is 450 Exchange, Irvine, California, 92602, USA. Atlas Ontario LP is also the parent undertaking of both the smallest and largest groups which include the results of the Company and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements of Atlas Ontario LP are available from the G4S website (www.g4s.com).