

Registration number: 01046019

# G4S Secure Solutions (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

# **G4S Secure Solutions (UK) Limited**

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# **G4S Secure Solutions (UK) Limited**

## **Company Information**

<b>Directors</b>	A R Lane F Walters H Graham T Kendall
<b>Company secretary</b>	R Y Bartlett
<b>Registered office</b>	6th Floor 50 Broadway London SW1H 0DB
<b>Independent auditor</b>	Deloitte LLP 2 New Street Square London EC4A 3BZ

## **G4S Secure Solutions (UK) Limited**

### **Strategic Report for the Year Ended 31 December 2022**

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

#### **Fair review of the business**

##### *Principal activity*

The principal activity of G4S Secure Solutions (UK) Limited ("the Company") is the provision of security solutions services, including manned guarding, mobile and response, key holding, alarm monitoring, electrical security as well as risk and consultancy services.

##### *Financial performance*

The Company has net assets of £134,372,000 (2021: £127,729,000), representing a year-on-year increase of £6,643,000 (5.2%). The increase is driven by profit for the financial year.

The Company recorded sales of £431,491,000 (2021: £638,519,000). This represents a year-on-year decrease of £207,028,000 (32.4%). The decrease is driven by significant one-off sales related to Covid-19 in the prior year. The Company recorded cost of sales of £388,625,000 (2021: £588,195,000). This represents a year-on-year decrease of £199,570,000 (33.9%). The decrease is driven by the reduction in sales. Overall, the Company recorded gross profit of £42,866,000 (2021: £50,324,000). This represents a year-on-year decrease of £7,458,000 (14.8%).

The Company made a profit for the financial year of £6,643,000 (2021: £11,816,000). This represents a year-on-year decrease of £5,173,000 (43.8%). The decrease is driven by the reduced sales in the year.

On 22 March 2022 the Company purchased 100% of the issued and outstanding shares of T.S.S. (Total Security Services) Limited, a retail guarding company, and its affiliate, Corporate Cupboard Limited for £72.3m, in addition to contingent consideration of up to £5.1m.

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 continue to grow the business and to develop and promote the values of quality, reliability and integrity associated with the G4S brand. The Company's management is firmly focused on core security activities and on achieving and maintaining market leadership.

The directors' commitment is, as always, to increase value for the shareholders through: the G4S guiding principles of excellence in customer services, committed employees, the delivery of innovative products and services, sound commercial decisions and by fostering a climate of continuous improvement.

The directors expect the general level of activity for the underlying business to remain consistent with the prior year. The Company's principal activity is not expected to change substantially.

#### **Key performance indicators**

The directors utilise a wide range of operational performance measures to monitor the Company's business activities. However, the operational performance measures are all specific to a particular activity or contract. The Company's directors do not believe that using further key performance indicators would be necessary or appropriate for an understanding of the development, performance or position of the business as a whole.

## G4S Secure Solutions (UK) Limited

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

#### 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.

(1) *Labour availability and wage inflation*

The UK (and many other global economies) are experiencing labour supply shortages. The availability of suitably skilled workers combined with upward pressure on wages is placing challenges on most UK service businesses.

*Risk mitigation approach*

The Company will continue to take steps to remain competitive in the labour market and to be an employer of choice by offering competitive pay, terms and conditions. The Company will also work with customers to ensure that the cost of wage increases can be recovered where possible, whilst remaining competitive in the market.

(2) *Major changes in market dynamics*

Major changes in market dynamics might include the entry of new competitors to the market place, price competition by existing competitors, development of new technologies or passing of new government legislation. These events could have a negative impact the Company's revenues and profitability.

*Risk mitigation approach*

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

## G4S Secure Solutions (UK) Limited

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

#### Principal risks and uncertainties (continued)

(3) *Service industry in-sourcing*

The Company provides a range of security services to customers in diverse sectors, such as property management and special events. In these sectors the current trend is for the customers to out-source their security services. Should this trend reverse, or should consolidation of the Company's customers occur, the demand for Company's services may be altered and this may result in adverse effects on the Company's revenue and profitability.

*Risk mitigation approach*

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

(4) *Failure of the Company's IT systems*

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

*Risk mitigation approach*

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

(5) *Deterioration in labour relations*

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

*Risk mitigation approach*

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

## **G4S Secure Solutions (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 risk-management 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 Group. This approach ensures that the Company's strategy is able to address the ever-changing risk landscape, maintains the long-term focus and is aligned with the core values of the Group.

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 continuously measure customer satisfaction through the use of Net Promoter Score surveys, seeking 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 Secure Solutions (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:

.....  
H Graham  
Director



## **G4S Secure Solutions (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:

G A Levinsohn (resigned 7 January 2022)

O Keck (resigned 3 August 2022)

J M Jago (resigned 28 April 2022)

A R Lane (appointed 28 April 2022)

F Walters (appointed 22 June 2022)

H Graham (appointed 3 August 2022)

The following director was appointed after the year end:

T Kendall (appointed 25 January 2023)

#### **Results and dividends**

The results for the year are set out on page 19. 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 Secure Solutions (UK) Limited**

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

#### **Employee engagement**

The Board's engagement with the Company's employees is facilitated through a variety of initiatives and channels.

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, employee 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.

Our employees touch the lives of others every day, providing crucial services to help keep society safe and secure. The specialist security services delivered by the Company mitigate the risk or impact of criminal behaviour and help to create safer communities.

## **G4S Secure Solutions (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 is aligned with meeting that timescale if not achieving it sooner.

The Company's key activities are integrated security solutions, under contract, across a range of service lines that include, but are not limited to, security guarding, key holding, mobile patrolling, canine security and a full range of electronic systems security options. Material environmental impacts in Scope 1 arise mainly from business transport and some building electricity consumption. Supply chain, which includes leases of fully maintained offices, dominates Scope 3 emissions.

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 data capture processes, specifically with regard to Scope 3 categories.

To ensure it 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.
- Continued to influence the updating of its lighting infrastructure with LED, and is seeking further opportunities to reduce energy consumption.
- 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 our 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.

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

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 are based on invoice data.

## **G4S Secure Solutions (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 has 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.

#### *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 Secure Solutions (UK) Limited

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

#### Greenhouse gas emissions (continued)

Emission type	Scope	2022 Consumption	2022 Emission (tCO <sub>2</sub> e)	2021 Consumption	2021 Emission (tCO <sub>2</sub> e)
Natural Gas for buildings	1	None	None	97,970 kWh	17.9
Vehicle Fuel (Diesel) in Freight Vehicles	1	None	None	None	None
Vehicle Fuel (Diesel) in Operational Vehicles	1	125,879 litres	322.23	155,737 litres	391.26
Vehicle Fuel (Petrol) in Operational Vehicles	1	332,832 litres	718.9	408,944 litres	897.03
Electric (kWh) for Operational Vehicles	1	27 kWh	<0.1	Not captured in 2021	
Business mileage in Company cars	1	4,292,312 miles	774.8	Not captured in 2021	
Fugitive Emissions from Building Air-Conditioning	1	None	None	None	None
Fugitive Emissions from Vehicles	1	1,150g HFC-134a 6,020g R1234yf	1.6	540g R1234yf	0.00054
Electricity for Buildings	2	373,903 kWh	72.3	410,245 kWh	82.5
Electricity (Transmission and Distribution)	3	Based on total electricity use	6.6	For above value	7.7
Electricity (Transmission and Distribution) Indirect	3	Based on total electricity use	18.9	Not report	Not reported
Business Travel - Air	3	423,202 miles	88.6	220,625 miles	46.17
Business Travel - Rail	3	598,345 miles	42.7	Not reported	Not reported
Business Travel - Road	3	5,891,192 miles	1353.1	Not captured in 2021	Not captured in 2021
Indirect Emissions Well To Tank additions for Scope 1 Road Transport	3	Based on Scope 1 data	321.1	Not reported	Not reported

## G4S Secure Solutions (UK) Limited

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

#### Greenhouse gas emissions (continued)

Emission type	Scope	2022 Consumption	2022 Emission (tCO <sub>2</sub> e)	2021 Consumption	2021 Emission (tCO <sub>2</sub> e)
Other Business Travel - Hotel Stays	3	8,858 nights	95.8	Not reported	Not reported
Homeworking	3	6,140 hours	2.1m	Not reported	Not reported
Commuting	3	Based on FTE and UK census data on travel	2,306.5	Not reported	Not reported
Supply chain	3	£90,582,316	15,567.30	Not reported	Not reported
Waste	3	8.75 tonnes	<u>7.5</u>	Not reported	<u>Not reported</u>
<b>Scope 1 Total</b>			<b><u>1,817.6</u></b>		<b><u>1,306.2</u></b>
<b>Scope 2 Total</b>			<b><u>72.3</u></b>		<b><u>82.5</u></b>
<b>Scope 3 Total</b>			<b><u>19,600.3</u></b>		<b><u>53.9</u></b>
<b>Grand Total</b>			<b><u><u>21,490.3</u></u></b>		<b><u><u>1,443</u></u></b>

## G4S Secure Solutions (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 CO<sub>2</sub>e 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/CO<sub>2</sub>e per £m turnover

2021 (as reported last year): 2.26

2022 (with same scope as last year): 2.77

2022 (all emissions): 49.5

#### Financial risk management

The Company operates under the financial risk management objectives and policies of its intermediate parent, 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 private company governance arrangements

The Company, although not applying a corporate governance code in line with other companies in the Group, is committed to achieving high standards of governance and operates under the corporate governance requirements applied across the Group's UK & Ireland Region and in a manner consistent with the COSO Framework of Internal Control, including:

- A clear set of values
- Risk management - identification, management and mitigation of risks, under the oversight of the Regional Risk Committee
- Financial reporting and controls, under the oversight of the Regional Audit Committee
- Group strategy and policy on ethical matters, including the business ethics policy and whistleblowing arrangements, under the oversight of the Regional Ethics Committee;
- Tax and treasury policies
- Delegation of authority
- Contract approvals: where required under the Group's contract approval matrix, customer contracts are referred to regional or international management for approval
- Stakeholder relationships and engagement (see above).

## G4S Secure Solutions (UK) Limited

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

#### 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.

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, appointed in the year, has indicated their willingness to continue in office and a resolution confirming their appointment will be approved at the Annual General meeting.

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

.....  
H Graham  
Director



## **G4S Secure Solutions (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Secure Solutions (UK) Limited**

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, the financial statements of G4S Secure Solutions (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 24.

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.

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

- financing facilities including nature of facilities, repayment terms and covenants;
- linkage to business model and medium-term risks;
- assumptions used in the forecasts;
- amount of headroom in the forecasts (cash and covenants);
- sensitivity analysis;
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

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.

## **G4S Secure Solutions (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Secure Solutions (UK) Limited (continued)**

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

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **G4S Secure Solutions (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Secure Solutions (UK) Limited (continued)**

#### **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.

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.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations 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:

- Manual adjustments to revenue. In addressing this risk we have tested design and implementation of controls over the recording of manual adjustments to revenue; and tested the appropriateness of manual adjustments to revenue.

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 design and implementation of controls over prevention and detection of fraud; 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.

## **G4S Secure Solutions (UK) Limited**

### **Independent Auditors' Report to the Members of G4S Secure Solutions (UK) Limited (continued)**

#### **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.

##### **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 Hughes, ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

Date:.....

## G4S Secure Solutions (UK) Limited

### Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	431,491	638,519
Cost of sales		<u>(388,625)</u>	<u>(588,195)</u>
<b>Gross profit</b>		42,866	50,324
Administrative expenses		(40,055)	(37,821)
Furlough income	5	-	1,433
Impairment of investment in subsidiary	5	-	<u>(5,098)</u>
<b><i>Operating profit before restructuring costs</i></b>		<u>2,811</u>	<u>8,838</u>
<i>Restructuring costs</i>	5	-	<u>(140)</u>
<b>Operating profit</b>	5	2,811	8,698
Finance income	9	395	929
Finance costs	10	<u>(987)</u>	<u>(27)</u>
<b>Profit before income tax</b>		2,219	9,600
Income tax credit	11	<u>4,424</u>	<u>2,216</u>
<b>Profit for the financial year</b>		<u><u>6,643</u></u>	<u><u>11,816</u></u>

The above results were derived from continuing operations.

## G4S Secure Solutions (UK) Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit for the financial year	<u>6,643</u>	<u>11,816</u>
<b>Total comprehensive income for the financial year</b>	<u><u>6,643</u></u>	<u><u>11,816</u></u>

## G4S Secure Solutions (UK) Limited

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

	Share capital £ 000	Accumulated losses £ 000	Total £ 000
At 1 January 2021	181,998	(66,270)	115,728
<b>Comprehensive income:</b>			
Profit for the financial year	-	11,816	11,816
Total comprehensive income for the financial year	-	11,816	11,816
<b>Transactions with owners:</b>			
Share based payment transactions (see note 6)	-	188	188
Tax on items taken to equity (see note 11)	-	(3)	(3)
Total transactions with owners	-	185	185
<b>At 31 December 2021</b>	<b>181,998</b>	<b>(54,269)</b>	<b>127,729</b>
At 1 January 2022	181,998	(54,269)	127,729
<b>Comprehensive income:</b>			
Profit for the financial year	-	6,643	6,643
Total comprehensive income for the financial year	-	6,643	6,643
<b>At 31 December 2022</b>	<b>181,998</b>	<b>(47,626)</b>	<b>134,372</b>

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

(Registration number: 01046019)

### Statement of Financial Position as at 31 December 2022

		2022 £ 000	Restated * 2021 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	12	5,089	3,797
Intangible assets	13	66,585	68,258
Investments	14	77,352	-
Trade and other receivables	16	91	398
Deferred tax assets	11	4,996	4,268
		154,113	76,721
<b>Current assets</b>			
Inventories	15	5,853	2,634
Trade and other receivables	16	89,614	172,525
Current tax assets		3,695	192
Cash and cash equivalents		1,206	869
		100,368	176,220
<b>Total assets</b>		254,481	252,941
<b>Current liabilities</b>			
Trade and other payables	17	(115,188)	(120,722)
Borrowings		(518)	(83)
Lease liabilities	18	(1,412)	(1,479)
Provisions	19	(620)	(1,076)
		(117,738)	(123,360)
<b>Net current (liabilities)/assets</b>		(17,370)	52,860
<b>Non-current liabilities</b>			
Lease liabilities	18	(1,989)	(1,654)
Provisions	19	(382)	(198)
		(2,371)	(1,852)
<b>Total liabilities</b>		(120,109)	(125,212)
<b>Net assets</b>		134,372	127,729
<b>Equity</b>			
Share capital	20	181,998	181,998
Accumulated losses		(47,626)	(54,269)
<b>Total shareholders' funds</b>		134,372	127,729

\* See note 24 for details of the prior year restatement.

The notes on pages 24 to 51 form an integral part of these financial statements.



**G4S Secure Solutions (UK) Limited**

**(Registration number: 01046019)**

**Statement of Financial Position as at 31 December 2022 (continued)**

The financial statements on pages 19 to 51 were approved by the Board on ..... and signed on its behalf by:

.....  
H Graham  
Director

# **G4S Secure Solutions (UK) Limited**

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

### **1 General information**

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

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly-owned subsidiary and it is included in the audited consolidated financial statements of its ultimate parent, Atlas Ontario LP. Copies of the consolidated financial statements of Atlas Ontario LP may be obtained from the G4S website ([www.g4s.com](http://www.g4s.com)). These financial statements therefore present information about the Company as an individual entity only and not as a group.

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

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 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 Secure Solutions (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](http://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 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, ‘Impairment of assets’ (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management’s approach to determining these amounts);
- 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 40A and 40B of IAS 1 “Presentation of Financial Statements” to present a third statement of financial position as at the beginning of the preceding period if the entity makes a retrospective restatement of items in its financial statements and the retrospective restatement has a material effect on the information in the statement of financial position;
- Paragraph 17 of IAS 24 “Related Party Disclosures” (key management compensation); and
- 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 impact on the Company's financial statements.

The notes on pages 24 to 51 form an integral part of these financial statements.

## **G4S Secure Solutions (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 security solutions services, including: manned guarding, mobile and response, key holding, alarm monitoring, electrical security as well as risk and consultancy services.

The services are provided to the customer on a daily basis continuously over the term of the contract and the customer simultaneously receives and consumes the benefits provided. Revenue from these services is therefore recognised over time. For the services set out above, the right to consideration from its customers generally equates to the value of services supplied to the customer. On this basis, the company applies the practical expedient in IFRS 15 to recognise revenue when the services are provided for the amount that the company has a right to invoice for those services.

In all of 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.

For security alarm system installations, revenue for Business-to-Business (B2B) customers is generally recognised on completion of the installation, and the attributable costs of the installation are recognised as a cost of sale, given that economic ownership of the asset is transferred to the customer.

Revenue for Business-to-Customer (B2C) customers is deferred and recognised along with the revenue from the related monitoring service over the term of the contract, given that legal and economic ownership of the assets remains with the Company.

Service and monitoring fees for all alarm system contracts are recognised in the period when the service is provided.

Variations in contract work, claims and incentive payments are included to the extent that it is likely that they will be agreed with the customer and hence recoverable. Contract costs are recognised as expenses as they are incurred. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

##### **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.

##### **Furlough income**

Furlough income is presented as part of profit or loss separately as it is not deducted in reporting against the related expense.

## **G4S Secure Solutions (UK) Limited**

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

#### **2 Accounting policies (continued)**

##### **Specific items**

The income statement separately identifies results before specific items, such as restructuring costs. Specific items are those that 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 Company's management prior to being separately disclosed. The Company 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.

Specific items may not be comparable to similarly-titled measures used by other companies.

##### **Finance income and finance costs**

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

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

##### **Foreign currencies**

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. 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.

# G4S Secure Solutions (UK) Limited

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

### 2 Accounting policies (continued)

#### 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.

#### 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

Leasehold improvements

Right of use assets

Equipment

#### Depreciation rate

over the shorter of useful economic life and period of the lease

over the period of the lease

3 - 10 years

The notes on pages 24 to 51 form an integral part of these financial statements.

# G4S Secure Solutions (UK) Limited

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

### 2 Accounting policies (continued)

#### Intangible assets

##### *Goodwill*

Business combinations are accounted for by the application of the acquisition method. Goodwill represents the excess of the cost of acquisition over the Company'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.

Company law requires goodwill to be written off over a finite period. Non-amortisation of goodwill, in accordance with IFRS, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view.

If this departure from company law had not been made, the profit for the financial year would have been reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

##### *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.

##### *Software, contractual customer relationships and other intangible assets*

Capitalised computer software, contractual customer relationships and other intangible assets are 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.

<b>Asset class</b>	<b>Amortisation rate</b>
Software	3 - 5 years
Other acquisition-related intangible assets	Up to maximum of 10 years
Contractual customer relationships	2 - 8 years

#### Investments

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

# G4S Secure Solutions (UK) Limited

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

### 2 Accounting policies (continued)

#### 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. An impairment loss in respect of goodwill is not reversed.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost represents expenditure incurred in the ordinary course of business in bringing inventories to their present condition and location and includes appropriate overheads. Cost is calculated on a first-in, first out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

#### Financial instruments

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

##### *Financial assets at amortised cost*

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement.

##### *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.

##### *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.



## G4S Secure Solutions (UK) Limited

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

#### 2 Accounting policies (continued)

##### Financial instruments (continued)

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

###### *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*

Deferred income relates to amounts received from customers which include estimated variable consideration for performance obligations which have been satisfied but for which recognition as revenue has been constrained because it is not yet highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. In the judgement of the directors the most likely outcome when the uncertainty associated with the variable consideration is resolved, is that the amount will be recognised as revenue in profit and loss.

###### *Contract liabilities*

Amounts received prior to the delivery of services are recorded as contract liabilities and recognised in profit and loss 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 loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the Company's past history, existing market conditions and forward looking estimates at the end of each reporting period.

For loans and balances with Group companies, the general approach permitted by IFRS 9 is applied, which requires 12 month expected credit losses to be recognised on initial recognition of these receivables. If a significant increase in credit occurs, this requires expected lifetime credit losses to be recognised on these receivables. 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 the counterparty to settle the receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss has been identified.

##### 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.

## G4S Secure Solutions (UK) Limited

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

#### 2 Accounting policies (continued)

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.

#### Leases

The Company leases a number of its office properties and vehicles. Rental contracts are typically made for fixed periods of three to five 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 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.

The notes on pages 24 to 51 form an integral part of these financial statements.

## **G4S Secure Solutions (UK) Limited**

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

#### **2 Accounting policies (continued)**

##### **Leases (continued)**

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.

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.

##### **Share-based payments**

The Company benefits from equity-settled share-based payments issued by its intermediate parent to certain employees. The Company does not have an obligation to settle the transaction with its employees, as this is the obligation of the intermediate parent. Therefore, the Company accounts for the share-based payments as equity settled, and recognises the corresponding increase in equity as a contribution from its intermediate parent.

The fair value of 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. These changes exclude those resulting from any market-related performance conditions.

## G4S Secure Solutions (UK) Limited

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

#### 3 Key accounting assessments

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.

#### *Judgements*

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

#### *Estimates*

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

#### **Impairment of goodwill**

The Company 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 goodwill supported by the Company's cash generating units by estimating the present value of future cash flows. This analysis requires significant judgement, primarily in relation to the probability of achieving long-term business plans and future cash flows. This probability is dependent on circumstances both within and outside management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used, and in relation to the macro economic assumptions and related modelling assumptions underlying the valuation process. In testing goodwill for impairment, management have used an 8.0% post tax discount rate to use in determining the present value for estimated future cash flows, an increase in this discount rate to 8.5% would result in a £2,005,000 impairment charge. In estimating future cash flows beyond the most recent budgets management have used a long term growth rate of 2.0%, a reduction of this rate to 1.5% would result in a £1,741,000 impairment charge.

## G4S Secure Solutions (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:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Rendering of services	431,491	638,519

Revenue arose from activities originating solely in the United Kingdom.

#### Assets and liabilities related to contracts with customers

	<b>31 December</b>	<b>As restated *</b>	<b>1 January</b>
	<b>2022</b>	<b>31 December</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Assets</b>			
Trade receivables (current)	45,756	39,990	35,175
Loss allowance	(562)	(639)	(967)
Accrued income	20,730	27,759	17,236
Assets recognised for costs incurred to fulfil a contract (non-current)	91	398	702
<b>Total contract assets</b>	<b>66,015</b>	<b>67,508</b>	<b>52,146</b>
<b>Current liabilities</b>			
Deferred income	(8,653)	(8,653)	-
Contract liabilities	(5,154)	(5,110)	(7,750)
<b>Total contract liabilities</b>	<b>(13,807)</b>	<b>(13,763)</b>	<b>(7,750)</b>

\* See note 24 for details of the prior year restatement.

During the year the Company recognised £5,110,000 of revenue that was held in contract liabilities as at 31 December 2021 (2021: £7,750,000 of revenue recognised was held in contract liabilities as at 31 December 2020), and £Nil (2021: £Nil) of revenue in relation to performance obligations satisfied in prior years.

As at 31 December 2022, the Company recorded £91,000 (2021: £398,000) of capitalised contract fulfilment costs on its statement of financial position. The Company did not incur any material contract acquisition costs during the current year (2021: none).

## G4S Secure Solutions (UK) Limited

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

#### 5 Operating profit

Arrived at after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation on property, plant and equipment	841	974
Depreciation on right of use assets - Property	274	287
Depreciation on right of use assets - Vehicles	1,346	1,406
Amortisation expense	1,694	1,462
Impairment loss	-	5,098
Loss on disposal of intangible assets	-	52
Restructuring costs	-	140
Furlough income	-	(1,433)
	-	(1,433)

During the prior year an impairment charge of £5,098,000 was recognised to fully impair the Company's investment in G4S Security Services (UK) Limited as a result of strategic changes to medium and long-term plans for the business. No impairment charge has been recognised in respect of the Company's investments in the current year.

#### 6 Staff costs

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

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	287,638	293,277
Social security costs	27,898	27,100
Pension costs, defined contribution scheme	5,953	5,818
Redundancy costs	1,254	1,211
Share-based payment expenses	-	187
	322,743	327,593

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Operations	12,411	12,232
Administration and management	213	200
	12,624	12,432

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 6 Staff costs (continued)

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Operations	15,968	12,718
Administration and management	213	200
	<u>16,181</u>	<u>12,918</u>

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration *	298	1,169
Pension costs, defined contribution scheme	18	3
	<u>316</u>	<u>1,172</u>

During the year, three directors (2021: one director) accrued retirement benefits under defined contribution schemes and no directors (2021: no directors) accrued retirement benefits under defined benefit schemes. During the year, one director (2021: two directors) exercised share options.

The remuneration of the highest paid director for the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration *	134	702
Pension costs, defined contribution scheme	7	-
	<u>141</u>	<u>702</u>

During the year the highest paid director did not exercise share options (2021: exercised share options). During the year the highest paid director did not (2021: did not) accrue retirement benefits under a defined benefit scheme.

\* Included within directors' remuneration are: base pay, benefits, annual bonus and cash pension allowance paid.

## G4S Secure Solutions (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 £ 000	2021 £ 000
Audit of the financial statements	145	145

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

#### 9 Finance income

	2022 £ 000	2021 £ 000
Interest receivable on amounts owed by Group undertakings	395	925
Foreign exchange gains	-	4
	<u>395</u>	<u>929</u>

#### 10 Finance costs

	2022 £ 000	2021 £ 000
Interest payable on amounts owed to Group undertakings	914	-
Foreign exchange losses	27	-
Interest expense on lease liabilities	46	27
	<u>987</u>	<u>27</u>

The notes on pages 24 to 51 form an integral part of these financial statements.



## G4S Secure Solutions (UK) Limited

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

#### 11 Income tax credit

Tax credited in the income statement is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current tax</b>		
UK corporation tax	(3,880)	(192)
UK corporation tax adjustment to prior periods	<u>184</u>	<u>(134)</u>
Total current tax	<u>(3,696)</u>	<u>(326)</u>
<b>Deferred tax</b>		
Arising from origination and reversal of temporary differences	(362)	(461)
Arising from changes in tax rates and laws	(114)	(1,021)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(252)</u>	<u>(408)</u>
Total deferred tax	<u>(728)</u>	<u>(1,890)</u>
Total income tax credit in the income statement	<u><u>(4,424)</u></u>	<u><u>(2,216)</u></u>

The tax credit on profit 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:

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before income tax	<u>2,219</u>	<u>9,600</u>
Corporation tax at standard rate	422	1,824
Increase from effect of expenses not deductible in determining taxable profit	54	1,031
Increase from effect of exercise employee share options	-	15
Decrease from transfer pricing adjustments	(4,718)	(3,523)
Increase/(decrease) in current tax from unrecognised temporary difference from a prior period	184	(134)
Deferred tax credit from unrecognised temporary difference from a prior period	(252)	(408)
Deferred tax credit relating to changes in tax rates or laws	<u>(114)</u>	<u>(1,021)</u>
Total income tax credit	<u><u>(4,424)</u></u>	<u><u>(2,216)</u></u>

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

## G4S Secure Solutions (UK) Limited

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

#### 11 Income tax credit (continued)

##### Deferred tax

Deferred tax assets are as follows:

<b>2022</b>	<b>Asset £ 000</b>
Accelerated tax depreciation	4,152
Temporary differences trading	844
Share-based payment	-
IFRS 16	-
	4,996
<b>2021</b>	
Accelerated tax depreciation	3,697
Temporary differences trading	571
Share-based payment	-
IFRS 16	-
	4,268

Deferred tax movement during the year is as follows:

	<b>At 1 January 2022 £ 000</b>	<b>Recognised in income £ 000</b>	<b>At 31 December 2022 £ 000</b>
Accelerated tax depreciation	3,697	455	4,152
Temporary differences trading	571	273	844
Share-based payment	-	-	-
IFRS 16	-	-	-
Net tax assets	4,268	728	4,996

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 11 Income tax credit (continued)

Deferred tax movement during the prior year is as follows:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	2,020	1,677	3,697
Temporary differences trading	322	249	571
Share-based payment	15	(15)	-
IFRS 16	20	(20)	-
Net tax assets	<u>2,377</u>	<u>1,891</u>	<u>4,268</u>

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 calculated using the UK corporation tax rate which will apply in the period during which they are expected to reverse.

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

At 31 December 2022 the Company had unutilised tax losses of approximately £49,956,000 potentially available for offset against future profits (2021: £49,956,000). No deferred tax asset has been recognised in respect of these losses as sufficient taxable profits to offset against these losses have not been forecasted.

The Company has a temporary difference on fixed assets of £16,611,000 at 31 December 2022 (£14,791,000 at 31 December 2021). The use of these in the future is very flexible in that the Company can choose whether to make a claim for them each year, and can then effectively shelter taxable profits in any other group company within the UK tax group with these tax deductions by surrendering losses as group relief, for which the Company receives payment. As a result the Company is recognising a full deferred tax asset of £4,152,000 on this at 31 December 2022 (£3,697,000 at 31 December 2021).

## G4S Secure Solutions (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	Assets under construction £ 000	Right of use assets (Property) £ 000	Right of use assets (Vehicles) £ 000	Total £ 000
<b>Cost</b>						
At 1 January 2022	952	4,586	162	2,457	4,797	12,954
Additions	-	1,538	222	-	2,063	3,823
Disposals	-	-	-	(66)	(1,695)	(1,761)
Transfers	-	-	(36)	-	-	(36)
Remeasurements	-	-	-	(7)	10	3
At 31 December 2022	<u>952</u>	<u>6,124</u>	<u>348</u>	<u>2,384</u>	<u>5,175</u>	<u>14,983</u>
<b>Accumulated depreciation</b>						
At 1 January 2022	698	4,178	-	1,820	2,461	9,157
Charge for the year	106	735	-	274	1,346	2,461
Eliminated on disposal	-	-	-	(66)	(1,645)	(1,711)
Remeasurements	-	-	-	(4)	(9)	(13)
At 31 December 2022	<u>804</u>	<u>4,913</u>	<u>-</u>	<u>2,024</u>	<u>2,153</u>	<u>9,894</u>
<b>Carrying amount</b>						
At 31 December 2022	<u>148</u>	<u>1,211</u>	<u>348</u>	<u>360</u>	<u>3,022</u>	<u>5,089</u>
At 31 December 2021	<u>254</u>	<u>408</u>	<u>162</u>	<u>637</u>	<u>2,336</u>	<u>3,797</u>

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 13 Intangible assets

	<b>Goodwill</b>	<b>Other acquisition-related intangible assets</b>	<b>Software</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Cost</b>				
At 1 January 2022	54,850	1,834	18,096	74,780
Additions	-	-	21	21
Recognised on acquisition of a subsidiary	-	-	-	-
Derecognised on disposal of a subsidiary	-	-	-	-
At 31 December 2022	<u>54,850</u>	<u>1,834</u>	<u>18,117</u>	<u>74,801</u>
<b>Accumulated amortisation</b>				
At 1 January 2022	-	524	5,998	6,522
Amortisation charge	-	-	1,694	1,694
Eliminated on disposal of a subsidiary	-	-	-	-
At 31 December 2022	<u>-</u>	<u>524</u>	<u>7,692</u>	<u>8,216</u>
<b>Carrying amount</b>				
At 31 December 2022	<u>54,850</u>	<u>1,310</u>	<u>10,425</u>	<u>66,585</u>
At 31 December 2021	<u>54,850</u>	<u>1,310</u>	<u>12,098</u>	<u>68,258</u>

Amortisation expenses of £1,694,000 (2021: £1,462,000) are included within administrative expenses.

Management have reviewed the disclosure and have disclosed goodwill net of accumulated amortisation. The accumulated amortisation was as a result of applying FRS 102 prior to transition to FRS 101 on 1 January 2018. The carrying amount has been correctly disclosed net of historic accumulated amortisation which is not applicable under FRS 101.

The carrying amount of goodwill has been allocated to cash generating units ('CGUs') as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Systems installations	27,067	27,067
Guarding	27,783	27,783
	<u>54,850</u>	<u>54,850</u>

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 13 Intangible assets (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The impairment analysis consists of the estimation of the recoverable amount of goodwill supported by the Company's cash generating units by estimating the present value of future cash flows. This analysis requires significant judgement, primarily in relation to the probability of achieving long-term business plans and future cash flows. This probability is dependent on circumstances both within and outside management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used, and in relation to the macro economic assumptions and related modelling assumptions underlying the valuation process. The impairment analysis for each CGU is detailed as follows:

##### Systems installations

The recoverable amount of the 'Systems installations' segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and a post-tax discount rate of 8.0 per cent per annum calculated with reference to bond yield curves with an equity premium added.

The key assumptions used by management in setting the financial budgets for the initial five-year period were forecast sales growth, operating gross profit margin and cash conversion. These assumptions are based on past experience.

Beyond the cash flow projection period, the steady growth rate of 2.0 per cent is estimated by the directors of the Company based on past performance of the cash-generating unit and their expectations of market development.

An increase in the post-tax discount rate to 8.5% would result in a £2,302,000 impairment charge. A reduction in the steady growth rate to 1.5 per cent would result in a £2,039,000 impairment charge.

##### Guarding

The recoverable amount of the 'Guarding' segment as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets covering a five-year period and a post-tax discount rate of 8.0 per cent per annum calculated with reference to bond yield curves with an equity premium added.

The key assumptions used by management in setting the financial budgets for the initial five-year period were forecast sales growth, operating gross profit margin and cash conversion. These assumptions are based on past experience.

Beyond the cash flow projection period, the steady growth rate of 2.0 per cent is estimated by the directors of the Company based on past performance of the cash-generating unit and their expectations of market development.

An increase in the post-tax discount rate to 8.5% would not result in any impairment charge. A reduction in the steady growth rate to 1.5 per cent would not result in any impairment charge.

## G4S Secure Solutions (UK) Limited

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

#### 14 Investments

	<b>£ 000</b>
<b>Cost</b>	
At 1 January 2022	5,098
Additions	77,352
	82,450
At 31 December 2022	82,450
<b>Provision</b>	
At 1 January 2022	5,098
At 31 December 2022	5,098
	5,098
<b>Carrying amount</b>	
At 31 December 2022	77,352
	77,352
At 31 December 2021	-

Judgement is required to determine whether indicators of impairment exist. Where impairment triggers are identified, the recoverable amount of an investment is generally determined by its value in use, which is derived from discounted cash flow calculations.

For the year ended 31 December 2022 an impairment charge of £Nil (2021: £5,098,000) has been recognised in respect of the Company's investments. Impairments recognised in previous years were assessed to determine whether reversal was required. No reversals of previously recognised impairments were considered necessary.

Additions relate to the purchase of the issued and outstanding shares of T.S.S. (Total Security Services) Limited and its affiliate, Corporate Cupboard Limited, on 22 March 2022.

Details of the subsidiary undertakings and other significant undertakings as at 31 December 2022, where the Company's holding is 20% or greater, are as follows:

Subsidiary undertakings	Class of holding	Ownership	Registered address
G4S Security Services (UK) Limited *	Ordinary	100.00%	The Curve, 18 Hickman Avenue, Highams Park, London, E4 9JG
T.S.S. (Total Security Services) Limited *	Ordinary	100.00%	The Curve, 18 Hickman Avenue, Highams Park, London, E4 9JG
Corporate Cupboard Limited *	Ordinary	100.00%	18d Hickman Avenue, Highams Park, London, E4 9JG

\* Direct investment

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 15 Inventories

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Work in progress	818	496
Finished goods and goods for resale	5,035	1,724
Uniforms	-	414
	<u>5,853</u>	<u>2,634</u>

The cost of inventories recognised as an expense in the year amounted to £3,847,000 (2021: £5,677,000). This is included within cost of sales.

#### 16 Trade and other receivables

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Within current assets</b>		
Trade receivables	45,756	39,990
Loss allowance	(562)	(639)
Net trade receivables	45,194	39,351
Amounts owed by Group undertakings	16,881	100,932
Accrued income	20,730	27,759
Prepayments	4,478	2,688
Other receivables	2,331	1,795
Total trade and other receivables included within current assets	89,614	172,525
<b>Within non-current assets</b>		
Assets recognised for costs incurred to fulfil a contract	91	398
Total trade and other receivables included within non-current assets	91	398

Included in amounts owed by Group undertakings are loans of £12,951,000 (2021: £73,115,000) 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. During the year the Company recognised non-current assets for costs incurred to fulfil a contract £91,000 (2021: £398,000).



## G4S Secure Solutions (UK) Limited

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

#### 17 Trade and other payables

	<b>2022</b>	<b>Restated *</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Within current liabilities</b>		
Trade payables	10,941	11,164
Accrued expenses	24,495	29,288
Amounts owed to Group undertakings	12,531	12,639
Social security and other taxes	26,644	31,470
Deferred income	8,653	8,653
Contract liabilities	5,154	5,110
Other payables	26,770	22,398
	<u>115,188</u>	<u>120,722</u>

\* See note 24 for details of the prior year restatement.

In addition in order to provide greater clarity between different types of balances recognised under IFRS 15 "Revenue from contracts with customers", amounts reported in 2021 as "Deferred income" have been re-labelled as "Contract liabilities". Other balances have been separately labelled as "Deferred income". See note 2 for explanation of what has been included within each caption.

Included in amounts owed to Group undertakings are loans of £4,267,000 (2021: £Nil) which are unsecured and repayable on demand. Interest is charged on these loans at the Sterling Overnight Index Average (SONIA) plus a margin of 4.25%. All other amounts owed to Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

#### 18 Leases

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**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Property	360	637
Vehicles	3,022	2,336
	<u>3,382</u>	<u>2,973</u>

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 £2,063,000 (2021: £1,667,000).

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 18 Leases (continued)

##### Lease liabilities

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Current lease liabilities	1,412	1,479
Non-current lease liabilities	1,989	1,654
	3,401	3,133

##### *(ii) Amounts recognised in the Income Statement*

The Income Statement includes the following amounts relating to leases:

##### Depreciation charge on right-of-use assets

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Property	274	287
Vehicles	1,346	1,406
	1,620	1,693

##### Other income and expenses related to leases

	<b>2022</b>	<b>2021</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on lease liabilities	46	27
	46	27

The total cash outflow for leases during the year was £1,756,000 (2021: £1,806,000).

##### *(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 five 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. Vehicle leases 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 majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.
- 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.

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 18 Leases (continued)

##### (iii) The Company's leasing activities (continued)

###### *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 or prior year.

#### 19 Provisions

	<b>Dilapidations</b>	<b>Claims</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2022 (Restated *)	197	1,077	1,274
Additional provisions in the year	185	199	384
Utilisation of provision	-	(322)	(322)
Unused amounts reversed	-	(334)	(334)
At 31 December 2022	<u>382</u>	<u>620</u>	<u>1,002</u>
Non-current liabilities	<u>382</u>	<u>-</u>	<u>382</u>
Current liabilities	<u>-</u>	<u>620</u>	<u>620</u>

\* See note 24 for details of the prior year restatement.

During the year, management has reclassified £8,653,000 previously included within Provisions at 31 December 2021 to Deferred income (within Trade and other payables) because these amounts were within the scope of IFRS 15 "Revenue from contracts with customers" rather than within the scope of IAS 37 "Provisions, contingent liabilities and contingent assets". As a result, the opening balance of the claims provision at 1 January 2022 has been reduced by £8,653,000 from £9,730,000 to £1,077,000. For further details see note 24.

###### *Dilapidations provision*

The provision is based on the discounted value of future net cash outflows to restore all leased properties in accordance with the conditions of the lease. The discount will unwind over the life of the lease.

###### *Claims provision*

The provision is for litigation claims. This is based on the management database used for tracking litigation claims which is maintained by the in-house legal team and reviewed by management. The database is assessed in order to ascertain the probable outcomes in relation to ongoing claims and exposures.

The notes on pages 24 to 51 form an integral part of these financial statements.

## G4S Secure Solutions (UK) Limited

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

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2022 No. 000	2022 £ 000	2021 No. 000	2021 £ 000
Ordinary shares of £1 each	<u>181,998</u>	<u>181,998</u>	<u>181,998</u>	<u>181,998</u>

#### 21 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 UK defined benefit scheme is comprised of three sections: the Group 4 section which is the pension scheme de-merged 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.

The Company makes no ongoing contribution to any of the schemes and there is no contractual agreement or stated policy for charging any such contributions or deficit repayments to the Company. When contribution to a defined benefit scheme is made, it is accounted for in line with the defined contribution scheme as the defined benefit schemes are multi-employer schemes and it is not possible to accurately identify the Company's share of the schemes' assets or liabilities. The defined benefit liability is recognised in the financial statements of G4S Limited.

As there is no contractual agreement or stated policy for charging the net defined benefit cost of the defined benefit schemes to the Company, any pension charge recognised in the income statement represents the contributions payable for the year. The Company made no payments to the defined benefit schemes in the current year (2021: £Nil).

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

## G4S Secure Solutions (UK) Limited

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

#### 22 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 (2021: nil). 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).

#### 23 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](http://www.g4s.com)).

#### 24 Prior year restatement

During the year, management has reclassified £8,653,000 previously included within Provisions at 31 December 2021 to Deferred income (within Trade and other payables) because these amounts were within the scope of IFRS 15 "Revenue from contracts with customers" rather than within the scope of IAS 37 "Provisions, contingent liabilities and contingent assets". As a result, total Provisions at 31 December 2021 have reduced by £8,653,000 from £9,927,000 to £1,274,000 and Trade and other payables at 31 December 2021 has increased by £8,653,000 from £112,069,000 to £120,722,000. There has been no impact on the income statement for the year ended 31 December 2021.

	<b>As reported</b>	<b>Correction</b>	<b>Restated</b>
	<b>31 December</b>		<b>31 December</b>
	<b>2021</b>		<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Statement of Financial Position (extract)</b>			
Trade and other payables	(112,069)	(8,653)	(120,722)
Provisions (Current liabilities)	(1,076)	-	(1,076)
Provisions (Non-current liabilities)	(8,851)	8,653	(198)

The notes on pages 24 to 51 form an integral part of these financial statements.