VAULTEX

Vaultex UK Limited

Directors' Report and

Financial Statements

Year Ended 2 October 2020

Registered number 06356813

Contents

Company Information

Directors:	A Nash P L Vaughan E Vignoli C Wallis R James
Company Secretary:	N Martin
Registered Office:	All Saints Triangle Caledonian Road London N1 9UT United Kingdom
Independent Auditors:	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT

Strategic Report

The Directors have pleasure in presenting their Strategic Report and the Financial Statements of the Company for the year ended 2 October 2020. This report sets out the Company's aims and strategies whilst also highlighting those aspects of the Financial Statements that best reflect the Company's progress and performance during the year.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. For the first time this year, we have included, as required by the Companies Act 2006, a Section 172 Statement on pages 4-6. The Company's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on pages 11-13.

Review of Business and Future Developments

The Company's key financial and other performance indicators during the year were as follows:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Company Revenue	97,792	103,039
Profit Before Income Tax	500	-
Total Operating Costs	94,800	100,707
Total Equity	13,806	13,820
	No.	**No.**
Employees at year end	1,677	1,723

The Company provides cash management services to two of the world's largest banks, Barclays Bank plc ("Barclays") and HSBC Bank plc ("HSBC"), together the "shareholder banks", and their business customers.

Revenue from cash management services (which is earned primarily from the two shareholder banks) is derived using a cost plus methodology and is influenced by the volume and type of work undertaken for each bank.

Company revenue has decreased during the year primarily due to a reduction in cash volumes seen across the industry because of the coronavirus pandemic which significantly impacted the UK cash market in the second half of the financial year. The Company continues to consolidate its market position through high retention of its current customers and also looks to increase its market share through the acquisition of new business. Managed services revenues also reduced due to the coronavirus pandemic with a reduction seen in the volumes of services managed during the year. Total Operating Costs have decreased in line with movements in revenue through reduced variable costs and a lower fixed cost base, with additional one off costs in the financial year as a result of the transition costs relating to the new Polymer £20 note.

The Company's financial position remains strong with net assets of more than £13m.

Company strategy continues to focus on ensuring cost competitiveness, development of new products and excellent customer service combined with robust risk management and controls.

Principal Risks and Uncertainties

The Board is responsible for approving the Company's strategy (having evaluated the associated risk to ensure that it is within the Company's risk appetite). The Board Audit and Risk Committee and the Executive Committee determine the level of risk the Company is prepared to accept to achieve its objectives.

The Company has an established operational risk framework to support the identification and mitigation of risks that might otherwise hinder the achievement of the Company's objectives. Oversight of the key risks is undertaken by the Risk Management Committee, the Executive Committee and the Board Audit and Risk Committee.

Strategic Report *(continued)*

Principal Risks and Uncertainties *(continued)*

The principal risks and uncertainties facing the Company are classified as financial, operational, transformation and IT, people and communications, regulatory, commercial and client service. The Company uses a suite of measures and key risk indicators to monitor these risks.

Non-Financial and Financial Instruments Risk

The Company manages liquidity risk through regular working capital forecasts and monitoring. It utilises a combination of term, revolving credit and overdraft facilities to ensure it has sufficient available funds for operations and planned expansions. Management of financial risk is detailed further in note 3 to the financial statements. The Company does not use derivatives.

The Company's interest rate risk arises from funded balances and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses and manages its interest rate exposure on a regular basis through the preparation of daily cash flow information. Interest rates prevailing on funded balances are renegotiated on a regular basis to ensure that exposure is minimised and interest rates prevailing on long-term borrowings are renegotiated at the end of each maturity term.

Operational

Operational risk is managed locally through agreed internal control and conformance structures. Physical and procedural security measures along with operational controls are also used to manage crime risk. Conformance and assurance activity is conducted respectively by the Conformance team and the Internal Audit team. Oversight is provided by the Operations and Risk Management Committees which both report to the Executive Committee, with the Risk Management Committee also reporting to the Board Audit and Risk Committee.

Transformation and IT

The Company manages its technology risk through a combination of an IT Infrastructure Library framework and IT Security and Change governance, with escalation, as appropriate, to the Operations, Risk Management and Executive Committees. The execution of change activity is managed primarily through the Portfolio Management Committee with escalation, as appropriate, to the Executive Committee.

People and Communications

The Company manages its people and communications risk through ensuring a competitive market position for terms and conditions of employment, a professional working relationship with the recognised union, undertaking and responding to employee engagement surveys, and employing a range of internal communications media to ensure employees are up to date on plans.

Regulatory

The Bank of England has oversight over the Company's note centres based in England. In addition, the Company is a member of the Bank of England's Note Circulation Scheme which governs the custody of the Bank of England notes that are not in circulation. The Company therefore ensures compliance with all applicable reporting requirements and controls imposed by the Bank of England.

The Company must also comply with the requirements of the Sarbanes Oxley Act 2002 on behalf of one of its shareholders; in particular, companies are required to evidence that they operate a well-controlled financial environment.

Strategic Report *(continued)*

Principal Risks and Uncertainties *(continued)*

Commercial

The Company manages its commercial risks by ensuring an up to date product strategy that meets its customer requirements, and oversight, is provided by the Executive Committee. The Cash Services Agreement is in place outlining the provision of services to the shareholder banks and their customers. Company strategy continues to focus on ensuring cost competitiveness, development of new products and excellent customer service to ensure both retention of shareholder banks customer business and growth in new business to mitigate the longer term impact of reducing cash volumes across the industry as a whole.

Client Service

Client service risk is measured and monitored via jointly agreed key performance indicators, which are regularly reviewed via a balanced scorecard methodology. Formal client meetings and escalation processes ensure that appropriate focus is placed on customer service.

Corporate Social Responsibility

At Vaultex we understand that the way we run our business has significant external impacts, and that we have a duty to act responsibly to our local communities, the environment and to society as a whole. Our CSR programme is split into four key areas: Employability, Enterprise, Engagement and Environment. We continue to make significant contributions to the communities in which we operate and we are very proud of our achievements to date.

To boost employability in our local communities, we've invested in multiple initiatives over the past year. Some examples include: working with HMRC to provide external employability skills workshops to help those facing redundancies to find work, coding workshops in schools and our partnership with colleges to develop the new government led T Level programmes. Faced with the challenges of the coronavirus pandemic, we responded by moving our employability programmes to an online platform, delivering virtual broadcasts to delegates. This meant that within the financial year we were able to delivery employability skills to 3,251 people across our operational footprint. During the year, we match funded £11,812 (2019: £15,576) raised by our people for the causes they care about, but sometimes time is more valuable than money. We've engaged our employees by allowing them time out of the business to volunteer for a worthy cause, such as park clean ups, become school governors, supporting the homeless through sleep outs, delivering employability support to local schools and creating visors for our NHS during the pandemic.

We are particularly proud of the focus placed on our environmental impact, which means that 80% of our waste is now recycled or converted to energy and 100% of IT and telephony waste is diverted from landfill. We continually look to reduce our carbon footprint and have succeeded in reducing our energy consumption for 4 consecutive years (7% in the last year alone). The effect of our regard towards corporate social responsibility matters in relation to the decisions taken during the financial year is included in our s172 statement on pages 4-6.

Section 172(1) Statement

The Board of Directors which include representatives of the key stakeholder banks consider and discuss information from across the Company to help understand the impact of operations and the interests and views of our key stakeholders. They review financial, strategic and operational performance as well as information covering areas such as key risks and legal and regulatory compliance. The Board of Directors have been regularly updated throughout the second half of the financial year on the impact of the coronavirus pandemic. The information provided to them, has allowed them to make decisions to manage and mitigate the financial impact and maintain the safe well-being of all employees. The reduction in volumes due to Covid-19 has been constantly monitored by the Board of Directors to ensure that the requirement for operational resources have been appropriately aligned to demand. As a result of these activities, they have an overview of engagement with stakeholders which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Strategic Report *(continued)*

Section 172(1) Statement *(continued)*

The Directors, both individually and together, have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in the decisions taken during the year ended 02 October 2020. The following are some specific examples of how Directors fulfil their duties:

Long-term view

The assessment of the long-term consequences for decision making made by the Company is underpinned by the Company's risk management strategy. The Board of directors continually monitor the risks affecting the Company and develop strategies that mitigate the likelihood of those risks materialising. These strategies set the general direction for the Company and form the basis for the Company's financial budgets. Senior management in each functional area form part of the decision making process in setting these financial targets to ensure both cost effectiveness and mitigation of any known or emerging risks. Scrutiny of these financial budgets and plans is undertaken by the Board of directors to ensure the strategic direction maintains the long-term focus, addresses all risks and aligns with the core values of the Company.

Interests of the Company's employees

We recognise that our employees are our most important asset and the Company's success relies on our people and the way we lead and engage with them. The directors strive to create a culture of engagement and inclusion where everyone's contribution is valued and diversity is celebrated. In particular during the year the directors reviewed and discussed the excellent results from the annual employee engagement survey and approved specific campaigns on mental health awareness, racism at work and diversity linking to the Company's wider Corporate Social Responsibility focus (detailed further on page 4). Our Chief Executive Officer maintains an active dialogue with all employees, encouraging open communication channels and sharing of ideas and important news. This has been increasingly important during the current coronavirus pandemic, with the CEO providing monthly communications to all employees, updating them on business performance and all issues that directly impact upon them.

Business relationships with customers and suppliers

Our long term customer relationships with both direct customers and those of our shareholder banks are based upon trust and a solid understanding of their business needs and objectives. We measure customer satisfaction on a regular basis through the use of customer feedback and service level performance which helps ensure cost competitiveness, development of new products and excellent customer service to help with both growth and retention of shareholder banks customer business.

Our suppliers help us achieve our core values and all of our suppliers sign up to our Supplier Code of Conduct. We are committed to paying them in a timely manner in accordance with agreed terms of trade and the UK Prompt Payment Code. Our consistent payment performance can be reviewed in our Payment Practice online submissions.

Our Company Reputation

We hold ourselves, employees and all our business partners accountable for high standards which are embodied in our corporate values:

- We treat others in the same way we want to be treated;
- We do what we say we will when we say we will;
- We have a right first time approach.

Our reputation is built and maintained in our day to day activities, engaging proactively with employees, suppliers, customers and other stakeholders to lead by example.

Strategic Report *(continued)*

Section 172(1) Statement *(continued)*

Impact of the Company's operations on corporate social responsibility matters

We engage our employees by allowing them time out of the business to volunteer as a team or individually. As well as the team events, people have used their time to; become Samaritans, train as a bereavement counsellor, become school governors and help out in our employability workshops in local schools.

We are also particularly proud of our hard work on our environmental impact, which means that a significant proportion of our waste is diverted from landfill and recycled as well as 100% of the Company's IT and telephony waste. We continually look to reduce our carbon footprint and strive for ways to reduce the consumption of a high energy consuming aspect of our estate. We have conducted reviews of heating, ventilation and cooling systems and installed improved control systems across sites.

Acting Fairly

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In following this approach, our Directors act fairly between the Company's members and decisions are aligned to the Company's values and strategies.

By order of the Board

Signed: .... **17 February 2021**

Name: PHIL VAUGHAN

Director/Secretary

Directors' Report

The directors present their report and audited Financial Statements of Vaultex UK Limited ("the Company") for the year ended 2 October 2020. The comparative period is the year ended 4 October 2019.

Business Review

The business review can be found within the Strategic Report on page 2.

Dividends

The directors do not recommend the payment of a dividend *(2019: £nil).*

Political Contributions

The Company did not make any political donations nor incurred any political expenditure during the year.

Directors

The directors who held office during the year were as follows:

A Nash		**C Wallis**	
P L Vaughan		**R James**	*[Appointed 4th March 2020]*
M McIntosh	*[Resigned 1st November 2019]*		
C Smith	*[Resigned 3rd February 2021]*		
E Vignoli			

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Employees

The Company fully recognises the need to provide employees with a safe and secure working environment. Recruitment involves robust vetting of all candidates to protect the Company and ensure a quality workforce. Through a focus on leadership development, internal communications, performance management and a constructive union relationship, the Company is seeking to actively involve employees in the future of the Company. "Investors In People" champion status was retained during the year.

The employee discount and benefits scheme launched previously is continuing to be very successful, with a significant number of participating employees. Employees also have the opportunity to waive bonus payments into the employees' pension plan as a way of encouraging long term planning.

The Company is committed to the principle of equal opportunity in employment regardless of a person's sex, marital status, sexual orientation, race, colour, ethnic origin, age or disability. The effect of our regard towards employees in relation to the decisions taken during the financial year is included in our s172 statement on pages 4-6.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going Concern

The Company has made an assessment of the medium term impact of the coronavirus pandemic on cash industry volumes and aligned financial forecasts appropriately. The Company implemented cost mitigation action plans during the second half of the financial year to limit the impact seen by the shareholder banks through the removal of any discretionary spend.

Directors' Report *(continued)*

Changes were also put in place post pandemic to the shareholder monthly invoicing process to ensure against under-recovery of variable costs when drops in volume were seen due to national or localised lockdowns. The directors (after having taken into consideration the reliance placed on the shareholder banks for their continued support, business and funding as outlined in the Cash Services Agreements in place with each of them plus the assessment of the impact of the pandemic on volumes) have reasonable expectations that the business will continue to operate as a going concern for the foreseeable future so have adopted this basis when preparing these accounts.

Streamlined Energy and Carbon Reporting

The total energy consumption for the Company for the period ended 2 October 2020 was 8,763,888 kWh:

Category	Total kWh
Electricity Consumption	6,504,668
Natural Gas	1,993,421
Transport Fuel	265,799
	8,763,888

The associated greenhouse gas emissions (GHG) is 2,079 tonnes CO_2e:

Emissions source	Tonnes CO_2e	% Share
Scope 1	432	21%
Scope 2	1517	73%
Scope 3	130	6%
Total Emissions (tCO_2e)	2079	100%

Scope 1: Natural gas and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission and private vehicles used for business travel. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation

An intensity ratio of 21.3 tonnes CO_2e per £m of revenue has been calculated to enable yearly performance comparison.

Boundary, methodology and exclusions

The data and information contained in this report was calculated and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019. An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. For the Company, this captures emissions associated with the operation of the buildings and private vehicles used for business. There are no material omissions from the mandatory reporting scope.

Emissions have been calculated using the latest conversion factors provided by the UK Government.

Energy efficiency initiatives

The Company has historically implemented a number of energy efficiency actions, with positive impact on energy consumption. In 2019 we finished our LED light programme, reducing the consumption of a high energy consuming aspect of our estate. We have also conducted reviews of heating, ventilation and cooling systems and installed improved control systems including the installation of variable speed drives on air handling units across sites.

As noted in the Strategic Report, the business has been significantly impacted by the coronavirus pandemic during the financial year and as a result a lot of attention had to be focused on the safety of our staff and the effective operation of the business. Looking ahead to next year, we are hoping to initiate a new Energy Optimisation Programme, which is being supported by a third party. The programme aims to target energy reduction across our properties in a systematic manner and focus on people, process and technology.

Directors' Report *(continued)*

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/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.

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the Board Audit and Risk Committee.

By order of the Board

Signed: .... 17 February 2021

Name: PHIL VAUGHAN

Director/Secretary

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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. They 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.

By order of the Board

Signed: .... 17 February 2021

Name: PHIL VAUGHAN

Director

Independent Auditor's Report to Members of Vaultex UK Limited

Opinion

We have audited the financial statements of Vaultex UK Limited ("the Company") for the 52 week period ended 2 October 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and , and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 October 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to Members of Vaultex UK Limited *(continued)*

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

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 Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to Members of Vaultex UK Limited *(continued)*

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.

Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

Date 18 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

for the year ended 2 October 2020

	Notes	52 weeks ended 2 Oct 20 £'000	52 weeks ended 4 Oct 19 £'000
Revenue		97,792	103,039
Cost of Sales		(57,704)	(59,458)
Gross Profit		**40,088**	**43,581**
Distribution Expenses		(13,579)	(15,630)
Administrative Expenses		(23,518)	(25,619)
Other Income		812	1,143
Profit from operations	17	**3,803**	**3,475**
Finance Income	20	5	1
Finance Expenses	20	(3,308)	(3,476)
Finance Expenses (Net)		**(3,303)**	**(3,475)**
Profit Before Tax		**500**	-
Tax Expense	21(b)	(514)	(451)
(Loss) and Total Comprehensive Income for the year	12	**(14)**	**(451)**

All results are from continuing operations and are attributable to the equity shareholders of the parent.

The notes on pages 18 to 39 are an integral part of these Financial Statements

Statement of Financial Position

at 2 October 2020

	Notes	2 Oct 20 £'000	4 Oct 19 £'000
Assets			
Non-Current Assets			
Property, Plant and Equipment	5	23,050	25,592
Right of Use Assets	22	9,803	-
Intangible Assets	6	321	365
		33,174	**25,957**
Current Assets			
Cash Inventories	9	158,225	148,533
Trade and Other Receivables	8	13,420	11,489
Cash and Cash Equivalents	10	854	1,353
		172,499	**161,375**
Total Assets		**205,673**	**187,332**
Equity			
Capital and Reserves Attributable to Equity Holders of the Company			
Ordinary Shares	11	10,000	10,000
Retained Earnings	12	3,806	3,820
Total Equity		**13,806**	**13,820**
Liabilities			
Non-Current Liabilities			
Other Payables	13	-	127
Borrowings	14	20,000	20,000
Deferred Income Tax Liability	21(a)	558	424
Lease Liabilities	22	9,298	-
		29,856	**20,551**
Current Liabilities			
Provisions for Liabilities and Charges	16	674	674
Trade and Other Payables	13	21,924	25,021
Lease Liabilities	22	684	-
Borrowings	14	138,729	127,266
		162,011	**152,961**
Total Liabilities		**191,867**	**173,512**
Total Equity and Liabilities		**205,673**	**187,332**

The notes on pages 18 to 39 are an integral part of these Financial Statements.

These Financial Statements of Vaultex UK Limited, Company Number 06356813, were approved and authorised for issue by the Board of Directors on 17 February 2021 and were signed on its behalf by

Signed: Phil V [Director]

Name: PHIL VAUGHAN

Statement of Changes in Equity

for the year ended 2 October 2020

	Notes	Share Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 5 October 2018		**10,000**	**4,271**	**14,271**
Loss for the year ended 4 October 2019	12	**-**	**(451)**	**(451)**
Balance as at 4 October 2019		**10,000**	**3,820**	**13,820**
Loss for the year ended 2 October 2020	12	**-**	**(14)**	**(14)**
Balance as at 2 October 2020		**10,000**	**3,806**	**13,806**

Statement of Cash Flows

for the year ended 2 October 2020

	Notes	2 Oct 20 £'000	4 Oct 19 £'000
(Loss) after Income Tax for the year		(14)	(451)
Adjustments for:			
Depreciation on Property, Plant and Equipment	5	4,398	4,208
Amortisation of Right of Use Assets	22	875	-
Amortisation of Intangible Fixed Assets	6	44	44
Loss on disposal on Property, Plant and Equipment	17	488	72
Income Tax Expense	21b	514	451
Interest Income	20	(5)	(1)
Interest Expense	20	3,308	3,476
Operating Cash Flows before movements in Working Capital		**9,608**	**7,799**
(Increase) / Decrease in Cash Inventories		(9,691)	3,064
(Increase) / Decrease in Trade and Other Receivables		(1,682)	4,992
Increase / (Decrease) in Dilapidations		-	-
(Decrease) / Increase in Trade and Other Payables		(3,237)	1,869
Cash Flows from Operating Activities		**(5,002)**	**17,724**
Interest Paid		(3,229)	(3,399)
Tax Paid		(300)	(333)
Net Cash Inflow from Operating Activities		**(8,531)**	**13,992**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	5	(2,344)	(5,048)
Interest Received	20	5	1
Net Cash Used in Investing Activities		**(2,339)**	**(5,047)**
Cash Flows from Financing Activities			
Repayment of Lease Labilities	22	(1,092)	
Increase / (Decrease) in Borrowings	14, 25	11,463	(8,270)
Net Cash (Used) in Financing Activities		**10,371**	**(8,270)**
Net Increase /(Decrease) in Cash and Cash Equivalents		**(499)**	**675**
Cash and Cash Equivalents at beginning of year	10	1,353	678
Cash and Cash Equivalents at end of year	10	**854**	**1,353**

The notes on pages 18 to 39 are an integral part of these Financial Statements.

Notes to the Financial Statements

1. General Information

The Company is a private limited company which is incorporated and domiciled in the UK. The address of its registered office is All Saints Triangle, Caledonian Road, London, N1 9UT. The registered number of the Company is 06356813.

The Company is a joint venture with equal shareholdings being held by Barclays and HSBC.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

(a) Basis of Preparation

The Financial Statements have been prepared in accordance with IFRSs adopted by the European Union. The Financial Statements have been prepared under the historical cost convention. The preparation of Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 4.

The financial statements are presented in Sterling, which is also the Company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

(b) Going Concern

The Company has made an assessment of the medium term impact of the coronavirus pandemic on cash industry volumes and aligned financial forecasts appropriately. The Company implemented cost mitigation action plans during the second half of the financial year to limit the impact seen by the shareholder banks through the removal of any discretionary spend. Changes were also put in place post pandemic to the shareholder monthly invoicing process to ensure against under-recovery of variable costs when drops in volume were seen due to national or localised lockdowns. The directors (after having taken into consideration the reliance placed on the shareholder banks for their continued support, business and funding as outlined in the Cash Services Agreements in place with each of them plus the assessment of the impact of the pandemic on volumes) have reasonable expectations that the business will continue to operate as a going concern for the foreseeable future so have adopted this basis when preparing these accounts.

(c) Standards Adopted For the First Time

The following amendments to published standards, effective for periods on or after 1st January 2020, have been endorsed by the EU:

International Financial Reporting Standards

Amendment to IFRS 3	Definition of Business
Amendment to IAS 1 and IAS 8	Definition of Material

New standards impacting the Company that have been adopted in the annual financial statements for the year ended 2nd October 2020 are:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Details of the impact these standards have had are given below:

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(c) Standards Adopted For the First Time *(continued)*

IFRS 16 - Leases

The Company has adopted IFRS 16 – 'Leases' which replaces IAS 17 – 'Leases' with effect from the start of the financial year and has prepared the 2020 financial statements in accordance with the requirements of this new standard.

Under IAS 17 all the Company's leases where the Company is a lessee were classified as Operating Leases and a lease charge was recognised in the Income Statement based on straight-line recognition of the lease payments payable on each lease after any adjustments for lease incentives.

IFRS 16 requires lessees to recognise a right of use asset and lease liability at lease inception on the Balance Sheet, with liabilities recognised at present value. The initial value of the right of use asset is the present value of the fixed payments under the lease and any initial direct costs, less lease incentives. In the Income Statement, the operating lease charge as recognised under IAS 17 is replaced with a straight-line depreciation charge on the right of use asset and an interest cost on the lease liability.

The Company chose to adopt IFRS 16 using the modified retrospective approach, without restatement of comparative figures and has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Company has taken advantage of the exemptions available under IFRS 16 not to apply the recognition and requirements of the standard to leases with a term of 12 months or less, or leases for which the underlying asset value is low. The recognition of these exempted leases will therefore continue unchanged.

(d) Revenue Recognition

Performance obligations and timing of revenue recognition

The majority of the Companies revenue derives from the provision of services over time and at certain points in time for the following main revenue streams: Cash Management Services, Managed Services (primarily management of the remote ATM estate for a shareholder bank) and Consultancy services. Performance obligations are determined and identified when contracts are entered into. The Companies obligations to its customers are based on the contract in which the performance obligation is described - primarily within the Cash Services Agreement (CSA) for the services provided to the two shareholder banks.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of the Company's business, net of discounts and VAT.

Establishing a transaction price

The transaction price is the price that will be allocated to performance obligations. The transaction price is the amount that Vaultex expects to be entitled to in exchange for transferring goods or services. This may include fixed and/or variable amounts.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(d) Revenue Recognition *(continued)*

Timing of Revenue Recognition

Revenue is recognised in the Statement of Comprehensive Income at a point in time when the services have been provided to the customer. There is limited judgement needed in identifying the point control passes. The revenue on consultancy services (primarily overseas) is typically recognised on an over-time basis. Care is taken to ensure revenue is only recognised on completion of key deliverables over the course of the consultancy project (rather than just when invoices are raised). These key deliverables are separately listed within the contracts with customers and reviewed on a regular basis.

(e) Cost of Sales

All costs associated with the provision of cash management services at the note and coin centres are included in cost of sales.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.

The cost of purchased assets is the fair value of consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land over their estimated useful lives, using the straight-line method, on the following bases:

Land and Buildings	Freehold Buildings	40 years
	Long Leasehold Buildings	Residual period of lease or 40 years (whichever is shorter)
	Short Leasehold Buildings	Over the term of the lease
	Property Improvements	Residual period of lease or 10 years (whichever is shorter)
Plant and Machinery	Plant and Equipment	10 years
	Machinery	5 years
	Access Control and CCTV	3 years
Fixtures and Fittings	Fixtures and Fittings	10 years
	Furniture	5 years
Computer Assets	Computer Assets	3 years
Assets in Course of Construction	Assets in course of construction are not being depreciated as currently not in use and are stated at cost. Once ready for use they are transferred into the relevant category and depreciated / amortised at the normal rate for that category.	

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(g) Intangible Assets

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Company has an intention and ability to complete and use the software, the costs can be measured reliably and it is capable of generating future economic benefits for the Company. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Amortisation is charged so as to write off the cost or valuation of computer software assets over their estimated useful life of 10 years, using the straight-line method. Adjustments will be made for any impairment.

(h) Impairment of Tangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but not so that the increased carrying amount exceeds the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Cash Inventories

Cash inventories (see note 9) represent the face value of the notes and coins (including amounts in transit) held as trading inventories and are reported net of inventory shrinkage provisions (see note 4).

(j) Trade Receivables

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The Company applies the simplified approach to measuring expected credit losses.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(k) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments, with original maturities of three months or less, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(l) Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded as the value of proceeds received, net of direct issue costs.

Finance charges (including premiums payable on settlement or redemption and direct issue costs) are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. 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 end of the reporting period.

(m) Trade Payables

Trade payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

(n) Taxation

The current income tax expense represents the sum of the income tax charge and deferred tax charge.

The income tax charge is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income 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 end of the reporting year.

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 Statement of Financial Position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent where it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(o) Retirement Benefits

The Company operates a defined contribution pension scheme.

The Company's contributions to the defined contribution retirement benefit scheme are charged as an expense to the Statement of Comprehensive Income as they fall due.

(p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits from the Company will be required to settle that obligation. Provisions are measured where the expenditure required to settle the obligation can be reliably estimated. Provisions are discounted to present value where the effect is material.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: cash flow, currency and fair value interest rate risk, credit risk, liquidity risk and capital risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Cash Flow, Currency and Fair Value Interest Rate Risk

The Company's interest rate risk arises from funded balances and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses and manages its interest rate exposure on a regular basis through the preparation of daily cash flow information. Interest rates prevailing on funded balances are renegotiated on a regular basis to ensure that exposure is minimised and fixed interest rates prevailing on long-term borrowings are renegotiated at the end of each maturity term.

The optimum funding strategy for the Cash Inventories held on the Company's Statement of Financial Position is kept under regular review. The interest and other costs arising from the funding strategy inform the pricing charged to the Company's direct customers. As a result, the Company does not have any significant exposure (in terms of impact on its profit) arising from fluctuations in interest rates. Also the Company's exposure to exchange rate fluctuations is minimal. Consequently no sensitivity analysis has been prepared for either of these exposures.

(b) Credit Risk

The Company's principal financial assets are cash inventories, bank and cash balances and trade and other receivables. The amounts presented in the Statement of Financial Position for these assets are net of allowances for doubtful receivables and represent the Company's maximum exposure to credit risk. The Company's credit risk is primarily attributable to the markets in which it trades.

The credit risk on liquid funds is mitigated because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(c) Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, management monitors rolling forecasts of the Company's liquidity reserves (comprising undrawn borrowing facilities (note 14) and cash and cash equivalents (note 10) on the basis of expected cash flow).

Notes to the Consolidated Financial Statements *(continued)*

3. Financial Risk Management *(continued)*

(c) Liquidity Risk *(continued)*

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date on an undiscounted basis.

	Due Less Than One Year £'000	Between 1 to 2 Years £'000	Between 2 to 5 Years £'000	Over 5 Years £'000	Total £'000
As at 2 October 2020					
Non-Derivative Financial Liabilities:					
Bank Borrowings (note 14)	(138,729)	(20,000)	-	-	**(158,729)**
Trade and Other Payables (note 7)	(10,002)	-	-	-	**(10,002)**
As at 4 October 2019					
Non-Derivative Financial Liabilities:					
Bank Borrowings (note 14)	(127,266)	(20,000)	-	-	**(147,266)**
Trade and Other Payables (note 7)	(12,911)	(23)	(60)	(44)	**(13,038)**

(d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure and to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Statement of Financial Position) less cash inventories, cash and cash equivalents. Total capital is calculated as shown in the Statement of Financial Position plus net debt.

4. Critical Accounting Judgements & Key Sources of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgements in Applying the Company's Accounting Policies

In the process of applying the Company's accounting policies, which are described in note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the Financial Statements:

- Provisions on Inventories (note 9)
- Useful Economic Lives of Fixed Assets (note 5)
- Useful Economic Lives of Intangible Fixed Assets (note 6)
- Assessment of impairment of Intangible Fixed Assets (note 6)
- Determination of the incremental borrowing rate used to measure lease liabilities (note 22)

The directors have reviewed the following elements of cash inventories: forgeries, in transit and query items, to assess the need for a provision for the impairment of these balances.

Notes to the Consolidated Financial Statements *(continued)*

4. Critical Accounting Judgements & Key Sources of Estimation Uncertainty *(continued)*

In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the directors have made judgements based on prior experience and the current economic environment. Accordingly, a provision for the impairment of inventories is made where there is an identified loss event, or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flow and the inventories reported are shown net of such provisions. Estimated useful economic lives of fixed and intangible assets are based on management's judgement and experience.

5. Property, Plant and Equipment

Company	Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Computer Assets £'000	Assets in Course of Construction £'000	Total £'000
Cost						
At 5 October 2018	27,173	22,670	912	10,414	725	61,894
Additions	988	1,779	50	2,073	159	5,049
Disposals	(193)	(364)	(6)	(39)	-	(602)
At 4 October 2019	**27,968**	**24,085**	**956**	**12,448**	**884**	**66,341**
Additions	214	1,054	6	593	477	2,344
Disposals	(426)	(600)	(4)	(94)	-	(1,124)
At 2 October 2020	**27,756**	**24,539**	**958**	**12,947**	**1,361**	**67,561**
Accumulated Depreciation and Impairment						
At 5 October 2018	12,204	16,298	452	8,116	-	37,070
Charge for the Year	1,067	1,840	78	1,223	-	4,208
On disposals	(179)	(320)	(2)	(28)	-	(529)
At 4 October 2019	**13,092**	**17,818**	**528**	**9,311**	**-**	**40,749**
Charge for the Year	1,046	2,030	75	1,247	-	4,398
On disposals	(46)	(505)	(4)	(81)	-	(636)
At 2 October 2020	**14,092**	**19,343**	**599**	**10,477**	**-**	**44,511**
Net Book Value						
At 5 October 2018	14,969	6,372	460	2,298	725	24,824
At 4 October 2019	14,876	6,267	428	3,137	884	25,592
At 2 October 2020	**13,664**	**5,196**	**359**	**2,470**	**1,361**	**23,050**

At 2 October 2020, the Company have entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1,029,581 *(2019: £948,610)*. The £477k additions balance under Assets under Construction in the current year represents the net movement within this category and relates to the replacement Cash Centre System (CCS) project.

Notes to the Consolidated Financial Statements *(continued)*

6. Intangible Fixed Assets

Company	Software Development Costs £'000	Total £'000
Cost		
At 5 October 2018	443	443
Additions – internally developed	-	-
At 4 October 2019	**443**	**443**
Additions – internally developed	-	-
At 2 October 2020	**443**	**443**
Accumulated Amortisation and Impairment		
At 5 October 2018	34	34
Charge for the Year	44	44
At 4 October 2019	**78**	**78**
Charge for the Year	44	44
At 2 October 2020	**122**	**122**
Net Book Value		
At 5 October 2018	409	409
At 4 October 2019	365	365
At 2 October 2020	**321**	**321**

Amortisation of intangible fixed assets is included in administrative expenses.

The Company's 3 Way Balance (3WB) system is included within software development costs and has a carrying value of £321k and a remaining amortisation period of 7 years and 3 months.

The costs relate to directly attributable costs necessary to create, produce, and prepare the 3WB system to be capable of operating (primarily external contractor development costs).

Notes to the Consolidated Financial Statements *(continued)*

7. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and Receivables	
	2 Oct 20	4 Oct 19
	£'000	£'000
Financial Assets as per Statement of Financial Position		
Trade and Other Receivables	10,103	8,056
Cash and Cash Equivalents	858	1,353
	10,961	**9,409**

	Other Financial Liabilities	
	2 Oct 20	4 Oct 19
	£'000	£'000
Financial Liabilities as per Statement of Financial Position		
Trade and Other Payables	10,002	13,038
Bank Borrowings	158,729	147,266
	168,731	**160,304**

Other Financial Liabilities and Assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and Other Receivables figure above excludes Prepayments. Trade and Other Payables figure above is excluding Deferred Tax and Deferred Income.

Notes to the Consolidated Financial Statements *(continued)*

8. Trade and Other Receivables

	2 Oct 20 £'000	4 Oct 19 £'000
Trade Receivables:		
- Amounts Due From Related Parties (note 23)	8,118	5,037
- Other	229	365
Total Trade Receivables	**8,347**	**5,402**
Prepayments and Accrued Income	4,794	6,016
Other Receivables	279	71
	13,420	**11,489**

The average credit period taken on sales is 31 days *(2019: 19 days)* and the Company has specifically provided for £nil of trade receivables at the year end *(2019: £nil)*. As at 2 October 2020 there were £73k of balances just over 12 months aged with £36k recovered post year-end. Normal policy is to provide for amounts over 12 months overdue but given there has been no history of bad debts with this customer and a payment has been received post year-end, the Company has no concerns over the remaining balance and a specific bad debt provision hasn't been put in place. Trade receivables continue to be reviewed and provided for as necessary, using the simplified approach to expected credit losses.

Included in the Company's trade receivable balances are receivables with a carrying amount of £207,575 *(2019: £135,918)* which are past due at the end of the reporting year with £171,574 still remaining outstanding. The Company does not hold any collateral over these balances. The weighted average age of the trade receivables is 33 days *(2019: 25 days)*. Ageing of past due but not impaired trade receivables as at 2 October 2020 is as follows:

	2 Oct 20 £'000	4 Oct 19 £'000
Current (within 30 days)	8,140	5,266
Up to 6 Months	129	136
6 to 12 Months	5	-
12+ Months	73	-
At End of Year	**8,347**	**5,402**

The directors consider that the carrying amount of trade and other receivables, at a Company level, approximates to their fair value. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting year is the carrying value of each class of receivable mentioned above.

9. Cash Inventories

	2 Oct 20 £'000	4 Oct 19 £'000
Cash and Coin Inventories	**158,225**	**148,533**

The carrying amount of the inventories is considered to be its fair value and is stated net of inventory shrinkage provisions of £79,572 *(2019: £57,948)* (note 4).

Notes to the Consolidated Financial Statements *(continued)*

10. Cash and Cash Equivalents

	2 Oct 20 £'000	4 Oct 19 £'000
Cash in Hand and at Bank	**854**	**1,353**

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

11. Share Capital

	Ordinary Shares of £1 Each	
	Number	£'000
As at 4 October 2019 and 2 October 2020	**10,000,000**	**10,000**

The total authorised and issued number of ordinary shares is 10 million shares with a par value of £1 per share. All issued shares are fully paid.

12. Retained Earnings

	£'000
Balance as at 4 October 2019	**3,820**
Loss for the year ended 2 October 2020	(14)
As at 2 October 2020	**3,806**

Share capital is the nominal value of share capital issued.

Retained earnings includes all current and prior year retained profit and losses less dividends paid.

Notes to the Consolidated Financial Statements *(continued)*

13. Trade and Other Payables

	2 Oct 20 £'000	4 Oct 19 £'000
Non-Current Liabilities:		
Other Payables	-	127
Deferred Income Tax Liability	558	424
Lease Liabilities	9,298	-
	9,856	**551**
Current Liabilities:		
Trade Payables	1,829	2,034
Social Security and Other Taxes	861	864
Corporation Tax Payable	173	80
Accruals & Deferred Income	18,979	21,591
Other Payables	82	452
	21,924	**25,021**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days *(2019: 20 days)*.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The directors consider that the carrying amount of trade payables and other payables approximates to their fair value.

Notes to the Consolidated Financial Statements *(continued)*

14. Borrowings

	2 Oct 20 £'000	4 Oct 19 £'000
Non-Current:		
Secured Bank Borrowings	**20,000**	**20,000**
Current:		
Secured Bank Borrowings	**138,729**	**127,266**
Total Borrowings	**158,729**	**147,266**

Utilisation of the Company's working capital facilities is mainly to fund cash inventories. The non-current borrowings relate to the loan provided by the shareholder banks on inception of the Company and aligns with the loan facilities detailed in the Cash Services Agreement of which the initial term runs for a further 16 months and is therefore classed as non-current. The current borrowings are repayable on demand and are all denominated in Sterling. The average effective interest rate on borrowings approximates to 2.03% per annum *(2019: 2.14% per annum)*. The bank borrowings are secured via a fixed and floating charge over all assets of the Company.

The directors estimate the fair value of the Company's borrowings to be the book value. The fair value of borrowings equals their carrying amount as the impact of discounting is not significant.

At 2 October 2020, the Company had available £73,549,000 *(2019: £87,037,000)* of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Company has utilised cash deposits to reduce the Company funding requirements and therefore offset against borrowings. This gives a more accurate representation of the borrowing position of the Company to fund cash inventories.

15. Retirement Benefits

The Company operates two defined contribution pension schemes. The cost of contributions to the defined contribution schemes amounts to £3,182,144 *(2019: £2,891,365)* (note 18(a)). The scheme funds are administered independently by Scottish Widows Plc and Suffolk Life Investments on behalf of contributing employees.

Notes to the Consolidated Financial Statements *(continued)*

16. Provisions for Liabilities and Charges

	2 Oct 20 £'000	4 Oct 19 £'000
Dilapidations	674	674
Total Provisions for Liabilities and Charges	**674**	**674**

	Dilapidations £'000	Total £'000
At 4 October 2019 – Liability	674	674
Utilised/Released	-	-
At 2 October 2020 – Liability	**674**	**674**

The directors have assessed the appropriateness of the carrying value of property, plant and equipment. In light of this review, a provision is held in respect of dilapidation works required to certain properties occupied by the Company.

17. Operating Profit

Operating profit is stated after charging:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Employee Costs (note 18(a))	48,629	49,621
Inventory Shrinkage Provision (notes 4 & 9)	80	58
Dilapidations Provision (note 16)	674	674
Auditors' Remuneration (note 19)	142	142
Depreciation (note 5)	4,398	4,208
Amortisation of intangible assets (note 6)	44	44
Amortisation of right of use assets (note 22)	875	-
Operating Lease Payments	-	1,689
Loss on disposal of Property Plant and Equipment (note 5)	488	72

Notes to the Consolidated Financial Statements *(continued)*

18 (a) Employee Costs

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Wages and Salaries	41,911	43,072
Social Security Costs	3,536	3,591
Pension Costs (note 15)	3,182	2,891
	48,629	**49,555**

18 (b) Employee Numbers

The average number of monthly employees was:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Executive (of whom 1 is an executive director)	6	7
Operational	1,398	1,456
Support	315	294
	1,719	**1,757**

Notes to the Consolidated Financial Statements *(continued)*

18 (c) Key Management and Directors' Remuneration

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Aggregate Emoluments	442	442
Aggregate Amounts Receivable Under Incentive Schemes	267	310
Compensation for loss of office	-	-
Company Contributions Paid To Defined Contribution Pension Schemes	-	-
Social Security Costs	98	104
	807	**856**

Highest Paid Director:

Amount of Emoluments	362	362
Amount Receivable Under Incentive Schemes	267	310
Company Contributions Paid To Defined Contribution Pension Schemes	-	-
Social Security Costs	87	93
	716	**765**

Key management is defined as the Company executive directors and the Company Chairman.

Retirement benefits have been paid in respect of nil directors *(2019: nil directors)* under a defined contribution scheme.

Notes to the Consolidated Financial Statements *(continued)*

19. Auditors' Remuneration

Services provided by the Company's Auditor and its Associates

During the year the Company obtained the following services:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Fees payable to the Company's auditor and its associates for the audit of the Financial Statements	81	77
Fees payable to the Company's auditor and its associates for other services:		
- Assurance Services	8	50
- Taxation Advice	55	15
	144	**142**

20. Finance Income and Costs

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Finance Income:		
Bank Interest Receivable on Cash and Cash Equivalents	1	1
Interest Received on Lease Liabilities	4	-
Finance Costs:		
Interest on Bank Borrowings and Bank Overdrafts	(3,102)	(3,476)
Interest on Lease Liabilities	(206)	-
Total Finance Costs (Net)	**(3,303)**	**(3,475)**

21 (a) Deferred Tax

The gross movement on the deferred tax account is as follows:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
As at beginning of the year – Liability / (Asset)	424	249
Statement of Comprehensive Income credit (note 21(b))	134	175
As at end of the year – Liability	**558**	**424**

Deferred tax assets and liabilities all relate to accelerated tax depreciation.

Notes to the Consolidated Financial Statements *(continued)*

21 (b) Tax Expense

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Current Tax:		
- Current Year	374	292
- Prior Year	6	(16)
Deferred Tax (note 21(a))		
- Current Year	134	175
- Prior Year	-	-
- Effect of tax rate change on opening balance	-	-
	514	**451**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Profit before Tax	**500**	**-**
Tax calculated at UK corporation tax rate of 19% *(2019: 19%)*	95	-
Expenses not deductible for tax purposes	44	221
Fixed Asset depreciation on assets ineligible for capital allowances	316	225
Additional deduction for land remediation expenditure	(1)	(1)
R&D expenditure credits	(15)	(6)
Effect of change in deferred tax rate	52	-
Adjustments to tax charge in respect of previous year	23	27
Income not taxable for tax purposes	-	-
Tax Rate Differences	-	(15)
Tax Expense	**514**	**451**

Notes to the Consolidated Financial Statements *(continued)*

22. Leases

The lease commitments relate to property and plant and equipment. All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

	Total £'000
Short-term lease expense	38
Low-value lease expense	106
	144

IFRS 16 was adopted on 5 October 2019 without restatement of comparative figures as detailed in Note 2(c). Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate being used being set as the Company's incremental borrowing rate. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives. Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced by any lease payments made. Right of use asserts are amortised on a straight line basis over the remaining term of the lease.

Right of Use Assets	**Properties £'000**	**Plant & Machinery £'000**	**Total £'000**
At 5 October 2019	10,187	344	**10,531**
Additions	-	147	**147**
Amortisation	(768)	(107)	**(875)**
At 2 October 2020	**9,419**	**384**	**9,803**

Lease Liabilities	**Properties £'000**	**Plant & Machinery £'000**	**Total £'000**
At 5 October 2019	10,583	344	**10,927**
Additions	-	147	**147**
Interest expense	199	7	**206**
Lease payments	(1,173)	(125)	**(1,298)**
At 2 October 2020	**9,609**	**373**	**9,982**

The difference of £396k between opening balances at 5 October 2019 within Properties in the above tables is due to £247k reclassification of ROU Asset to a Property Lease Receivable due to half of the Glasgow site being sub-leased to a third party (balance within Other Receivables - Note 8). The remaining difference of £149k is due to a reduction in the ROU Asset for rent-free periods at two sites.

Notes to the Consolidated Financial Statements *(continued)*

22. Leases *(continued)*

The table below analyses the Company's lease liabilities into the relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date on a discounted basis.

	Due Less Than One Year £'000	Between 1 to 2 Years £'000	Between 2 to 5 Years £'000	Over 5 Years £'000	Total £'000
As at 2 October 2020					
Lease Liabilities:					
Properties	575	695	1,216	7,123	**9,609**
Plant & Machinery	109	118	146	-	**373**
	684	**813**	**1,362**	**7,123**	**9,982**

23. Related Party Transactions

The Company is a joint venture which is equally owned and controlled by Barclays and HSBC. These two banks, therefore, are the only related parties of the Company beside the directors.

Secured working capital facilities are provided by both Barclays and HSBC and these are negotiated on an arm's length basis. Revenue from cash management services (which is earned from the two shareholder banks) is derived using a cost plus methodology and is influenced by the volume and type of work undertaken for each bank.

Related Party Transactions

The total values of related party transactions reported in the Consolidated Financial Statements relating to the shareholder banks are:

	52 Weeks to 2 Oct 20 £'000	52 Weeks to 4 Oct 19 £'000
Revenue	97,504	102,323
Administrative Expenses	(2,846)	(3,873)
Finance Income	1	1
Finance Costs	(3,095)	(3,473)
Trade Receivables	8,118	5,037
Prepayments and Accrued Income	1,444	2,344
Trade Payables	-	-
Accruals & Deferred Income	(10,887)	(11,123)
Bank Borrowings	(158,729)	(147,266)

Remuneration of Key Management Personnel

The non-executive directors of the Company who are employees of Barclays and HSBC are not remunerated by the Company for their services.

Notes to the Consolidated Financial Statements *(continued)*

24. Ultimate Parent Undertaking

The ultimate parent undertakings and controlling parties are Barclays and HSBC, which are the parent undertakings of the smallest and largest group's to consolidate these financial statements. Copies of Barclays' consolidated financial statements can be obtained from 1 Churchill Place, London E14 5HP. Copies of HSBC's consolidated financial statements can be obtained from 8 Canada Square, London E14 5HQ.

25. Notes supporting Statement of Cash Flows

	Non-Current Loans & Borrowings (Note 14) £'000	Current Loans & Borrowings (Note 14) £'000	Total £'000
At 4 October 2019	20,000	127,266	147,266
Cash Flows		11,463	11,463
At 2 October 2020	**20,000**	**138,729**	**158,729**

Movement on the borrowings line within financing activities in the Statement of Cash Flows is shown as net movement as the company believes it would be misleading to show gross movement given that this doesn't represent the substance of the transaction. The movement in facilities is due to a response to changing inventory levels that require overnight funding.

26. Post Balance Sheet Event

The Cash Service Agreements in place with each shareholder bank have since been automatically extended beyond the initial term, and now run until the 1st February 2024.