VAULTEX

Vaultex UK Limited

Directors' Report and Financial Statements

Year Ended 1 October 2021

Registered number 06356813

Contents

Company Information

Directors:	A Nash P L Vaughan E Vignoli R James B Okker M Rees
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 1 October 2021. 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. 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 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Company Revenue	91,699	97,792
Profit Before Income Tax	500	500
Total Operating Costs	89,395	94,800
Total Equity	13,859	13,806
	No.	**No.**
Employees at year end	1,514	1,677

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 due to a reduction in cash volumes seen across the industry because of the ongoing coronavirus pandemic which has significantly impacted the UK cash market. Volumes reduced c.14% year on year and were particularly impacted during periods of national & regional lockdowns. 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.

The Company's financial position remains strong with net assets of nearly £14m.

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 are very proud of our achievements to date.

Diversity and inclusion have been a focus this year and we developed our first ever open forums, creating a safe space for our people to openly speak about matters that concern them and provide suggestions to create a more inclusive working environment. As a result of this, diversity networks have been brought together across our sites and a racial inclusivity training module has been launched to the business.

To boost employability in our local communities, we've invested in multiple initiatives over the past year. Some examples include working with the National Citizen Service Youth programme, supporting young people on social impact projects so they are able to give back to their local communities, working with the Social Mobility Foundation to be part of a virtual work placement focusing on cyber security targeting students from low income backgrounds and delivering employability skills to 1,085 people across our operational footprint. Faced with the continued challenges of the coronavirus pandemic, we wanted to help bridge the social mobility gap by donating 40 desktops and monitors to help disadvantaged young people struggling to access equipment for learning throughout lockdown. We also launched our Domestic Abuse Support Package, providing further accessibility and resources for support to anyone experiencing domestic abuse.

We are particularly proud of the focus placed on our environmental impact, which means that 81% 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 (8.2% in the last year alone). In 2021 we were delighted to sponsor a report entitled 'Cash: A Roadmap to Sustainability', in which the cash industry came together to outline how we are collaborating and innovating to improve our environmental impact. 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 5-6.

Strategic Report *(continued)*

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 financial year on the impact of the ongoing 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.

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 01 October 2021. 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. An example of this, was the decision taken during the year in response to the reduction in cash volumes post Coronavirus pandemic, to remove the night shifts across all sites except Kings Cross to better align processing capacity to the on-going requirement. Full consultation was undertaken with all affected employees and relevant stakeholders (including union engagement) to ensure a smooth implementation.

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 racism at work, diversity and domestic abuse 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.

Strategic Report *(continued)*

Section 172(1) Statement *(continued)*

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.

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 were delighted this year to sponsor a report entitled 'Cash: A Roadmap to Sustainability', in which the cash industry came together to outline how we are collaborating and innovating to improve our environmental impact. In addition, we published our first Environmental, Social and Governance (ESG) Report which details our clear sustainability objectives and how we aim to achieve these.

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: Phil Vaughan — 27 January 2022

Name: PHIL VAUGHAN

Director

Directors' Report

The directors present their report and audited Financial Statements of Vaultex UK Limited ("the Company") for the year ended 1 October 2021. The comparative period is the year ended 2 October 2020.

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 *(2020: £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		**B Okker**	*[Appointed 3rd February 2021]*
P L Vaughan		**M Rees**	*[Appointed 5th May 2021]*
E Vignoli			
C Wallis	*[Resigned 5th May 2021]*		
C Smith	*[Resigned 3rd February 2021]*		
R James			

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 gold status was again retained during the year, with the target to achieve platinum status in the next financial 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 5-6.

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.

Directors' Report *(continued)*

Going Concern

The Company now has a clear view of the longer term impact of the coronavirus pandemic on cash industry volumes and have aligned financial forecasts appropriately. The Company continued to implement cost mitigation action plans during the financial year to reduce operating costs in line with the equivalent drop seen in revenue. Changes that were put in place post pandemic to the shareholder monthly invoicing process to ensure against under-recovery of variable costs due to volatility in volumes, have now been removed with volumes now remaining consistent after the easing of lockdown restrictions. 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 understanding 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. The Cash Services Agreements were automatically extended for a period of two further years and are now in place until 31st January 2024.

Streamlined Energy and Carbon Reporting

The total energy consumption for the Company for the period ended 1 October 2021 was 8,419,643 kWh:

Category	2020/21	2019/20	% Change
Electricity Consumption	5,827,818	6,504,668	-10%
Natural Gas	2,480,433	1,993,421	24%
Transport Fuel	111,392	265,799	-58%
	8,419,643	8,763,888	-4%

The associated greenhouse gas emissions (GHG) is 1,829 tonnes CO2e *(2020:* 2,079 tonnes CO2e*):*

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 19.9 tonnes CO_2e per £m of revenue *(2020: 21.3 tonnes CO_2e per £m)* has been calculated to enable yearly performance comparison and reflects a decrease of 7% since prior year.

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, including LED light replacement programme, reviews of heating, ventilation and cooling systems and installation of improved control systems. During the year an Energy Optimisation Programme review was carried out (supported by a third party) which aimed to target energy reduction across our properties in a systematic manner and focus on people, process and technology. The review found that the majority of suggested improvements had already been completed e.g. LED light replacements however the Company remains committed to continuously reviewing its energy consumption and implementing any future initiatives to reduce this further.

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: Phil Vaughan 27 January 2022

Name: PHIL VAUGHAN

Director

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: Phil Vaughan 27 January 2022

Name: PHIL VAUGHAN

Director

Independent Auditor's Report to Members of Vaultex UK Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 October 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vaultex UK Limited ("the Company") for the year ended 1 October 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. These financial statements have been prepared in accordance with international accounting standards in conformity 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

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. 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.

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

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the 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.

Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the company, and the sector in which it operates, we considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

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

These included but were not limited to those that relate to the form and content of the financial statements, such as accounting policies, international accounting standards in conformity with the requirements of the Companies Act 2006 and industry related regulations impacting operations. Throughout our audit work we remained alert to any possible non-compliance with all applicable laws and regulations that may have an impact on the financial statements. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with artificial inflation of costs, particularly through payroll. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, such as depreciation, dilapidations, and stock provision;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to revenue and cash, journals posted by super users and journals posted at weekends;
- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Considered overstatement of payroll costs by vouching net pay figures to bank statements and vouching a sample of employees to signed contracts and payslips;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

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.

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

Date 28 January 2022

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

Statement of Comprehensive Income

for the year ended 1 October 2021

	Notes	52 weeks ended 1 Oct 21 £'000	52 weeks ended 2 Oct 20 £'000
Revenue		91,699	97,792
Cost of Sales		(54,095)	(57,704)
Gross Profit		**37,604**	**40,088**
Distribution Expenses		(10,735)	(13,579)
Administrative Expenses		(24,565)	(23,518)
Other Income		808	812
Profit from operations	17	**3,112**	**3,803**
Finance Income	20	1	5
Finance Expenses	20	(2,613)	(3,308)
Finance Expenses (Net)		**(2,612)**	**(3,303)**
Profit Before Tax		**500**	**500**
Tax Expense	21(b)	(447)	(514)
Profit/(Loss) and Total Comprehensive Income for the year	12	**53**	**(14)**

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 1 October 2021

	Notes	1 Oct 21 £'000	2 Oct 20 £'000
Assets			
Non-Current Assets			
Property, Plant and Equipment	5	22,507	23,050
Right of Use Assets	22	8,855	9,803
Intangible Assets	6	277	321
		31,639	**33,174**
Current Assets			
Cash Inventories	9	128,315	158,225
Trade and Other Receivables	8	12,421	13,420
Cash and Cash Equivalents	10	744	854
		141,480	**172,499**
Total Assets		**173,119**	**205,673**
Equity			
Capital and Reserves Attributable to Equity Holders of the Company			
Ordinary Shares	11	10,000	10,000
Retained Earnings	12	3,859	3,806
Total Equity		**13,859**	**13,806**
Liabilities			
Non-Current Liabilities			
Borrowings	14	20,000	20,000
Deferred Tax Liability	21(a)	871	558
Lease Liabilities	22	8,337	9,298
		29,208	**29,856**
Current Liabilities			
Provisions for Liabilities and Charges	16	264	674
Trade and Other Payables	13	21,437	21,924
Lease Liabilities	22	578	684
Borrowings	14	107,773	138,729
		130,052	**162,011**
Total Liabilities		**159,260**	**191,867**
Total Equity and Liabilities		**173,119**	**205,673**

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 27 January 2022 and were signed on its behalf by

Signed: Phil Vaughan **[Director]**

Name: PHIL VAUGHAN

Statement of Changes in Equity
for the year ended 1 October 2021

	Notes	Share Capital £'000	Retained Earnings £'000	Total £'000
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**
Profit for the year ended 1 October 2021	12	-	**53**	**53**
Balance as at 1 October 2021		**10,000**	**3,859**	**13,859**

Statement of Cash Flows
for the year ended 1 October 2021

	Notes	1 Oct 21 £'000	2 Oct 20 £'000
Profit/(Loss) after Income Tax for the year		53	(14)
Adjustments for:			
Depreciation on Property, Plant and Equipment	5	4,461	4,398
Amortisation of Right of Use Assets	22	885	875
Amortisation of Intangible Fixed Assets	6	44	44
Loss on disposal on Property, Plant and Equipment	17	16	488
Income Tax Expense	21b	447	514
Interest Income	20	(1)	(5)
Interest Expense	20	2,613	3,308
Operating Cash Flows before movements in Working Capital		**8,518**	**9,608**
(Increase) / Decrease in Cash Inventories		29,910	(9,691)
(Increase) / Decrease in Trade and Other Receivables		999	(1,682)
Increase / (Decrease) in Dilapidations	16	(410)	-
(Decrease) / Increase in Trade and Other Payables		(540)	(3,237)
Cash Flows from Operating Activities		**38,477**	**(5,002)**
Interest Paid		(2,534)	(3,229)
Tax Paid		(319)	(300)
Net Cash Inflow from Operating Activities		**35,624**	**(8,531)**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment	5	(3,934)	(2,344)
Interest Received	20	1	5
Net Cash Used in Investing Activities		**(3,933)**	**(2,339)**
Cash Flows from Financing Activities			
Repayment of Lease Labilities	22	(845)	(1,092)
Increase / (Decrease) in Borrowings	14, 25	(30,956)	11,463
Net Cash (Used) in Financing Activities		**(31,801)**	**10,371**
Net Increase /(Decrease) in Cash and Cash Equivalents		**(110)**	**(499)**
Cash and Cash Equivalents at beginning of year	10	854	1,353
Cash and Cash Equivalents at end of year	10	**744**	**854**

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 international accounting standards in conformity with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention. The preparation of Financial Statements in conformity with the requirements of the Companies Act 2006 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 now has a clear view of the longer term impact of the coronavirus pandemic on cash industry volumes and have aligned financial forecasts appropriately. The Company continued to implement cost mitigation action plans during the financial year to reduce operating costs in line with the equivalent drop seen in revenue. Changes that were put in place post pandemic to the shareholder monthly invoicing process to ensure against under-recovery of variable costs due to volatility in volumes, have now been removed with volumes now remaining consistent after the easing of lockdown restrictions. 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 understanding 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. The Cash Services Agreements were automatically extended for a period of two further years and are now in place until 31st January 2024.

(c) Standards Adopted For the First Time

The following amendments to published standards, effective for periods on or after 1st January 2021, have been endorsed by the EU:

International Financial Reporting Standards

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform
Amendment to IAS 16	Proceeds before intended use

New standards that have been adopted in the annual financial statements for the year ended 1st October 2021 but have not had a significant effect are:

- Definition of Business (amendment to IFRS 3)
- Definition of Material (amendment to IAS 1 and IAS 8)

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(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.

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.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(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.

(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.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(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.

(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.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(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.

(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.

Notes to the Consolidated Financial Statements *(continued)*

2. Significant Accounting Policies *(continued)*

(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 1 October 2021					
Non-Derivative Financial Liabilities:					
Bank Borrowings (note 14)	(107,773)	(20,000)	-	-	**(127,773)**
Trade and Other Payables (note 7)	(11,236)		-	-	**(11,236)**
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)**

(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)
- 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 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**
Additions	349	1,713	45	1,644	183	3,934
Disposals	(269)	(853)	-	(8)	-	(1,130)
At 1 October 2021	**27,836**	**25,399**	**1,003**	**14,583**	**1,544**	**70,365**
Accumulated Depreciation and Impairment						
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**
Charge for the Year	1,011	2,128	69	1,253	-	4,461
On disposals	(266)	(840)	-	(8)	-	(1,114)
At 1 October 2021	**14,837**	**20,631**	**668**	**11,722**	**-**	**47,858**
Net Book Value						
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 1 October 2021	**12,999**	**4,768**	**335**	**2,861**	**1,544**	**22,507**

At 1 October 2021, the Company have entered into contractual commitments for the acquisition of property, plant and equipment amounting to £638,871 *(2020: £1,029,581)*. The £183k additions balance under Assets under Construction in the current year represents the net movement within this category and relates to the long-term project to replace the Cash Centre System (CCS). Short-term AUC are held within a fixed asset clearing account but for the purposes of this note are included within their respective addition categories e.g. HR system replacement (£198k) in Computer Assets and regulatory related machine upgrades (£925k) within Plant & Machinery. Depreciation won't start until these projects have been completed and assets have been capitalised.

Notes to the Consolidated Financial Statements *(continued)*

6. Intangible Fixed Assets

Company	Software Development Costs £'000	Total £'000
Cost		
At 4 October 2019	443	443
Additions – internally developed	-	-
At 2 October 2020	**443**	**443**
Additions – internally developed	-	-
At 1 October 2021	**443**	**443**
Accumulated Amortisation and Impairment		
At 4 October 2019	**78**	**78**
Charge for the Year	44	44
At 2 October 2020	**122**	**122**
Charge for the Year	44	44
At 1 October 2021	**166**	**166**
Net Book Value		
At 4 October 2019	365	365
At 2 October 2020	321	321
At 1 October 2021	**277**	**277**

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 £277k and a remaining amortisation period of 6 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	
	1 Oct 21	**2 Oct 20**
	£'000	**£'000**
Financial Assets as per Statement of Financial Position		
Trade and Other Receivables	8,828	10,103
Cash and Cash Equivalents	744	858
	9,572	**10,961**

	Other Financial Liabilities	
	1 Oct 21	**2 Oct 20**
	£'000	**£'000**
Financial Liabilities as per Statement of Financial Position		
Trade and Other Payables	11,193	10,002
Bank Borrowings	127,773	158,729
	138,966	**168,731**

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

	1 Oct 21 £'000	2 Oct 20 £'000
Trade Receivables:		
- Amounts Due from Related Parties (note 23)	8,143	8,118
- Other	117	229
Total Trade Receivables	**8,260**	**8,347**
Prepayments and Accrued Income	3,995	4,794
Other Receivables	166	279
	12,421	**13,420**

The average credit period taken on sales is 31 days *(2020: 31 days)* and the Company has specifically provided for £nil of trade receivables at the year end *(2020: £nil)*. 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 £85,330 *(2020: £207,575)* which are past due at the end of the reporting year with £28,504 still remaining outstanding. The Company does not hold any collateral over these balances. The weighted average age of the trade receivables is 13 days *(2020: 33 days)*. Ageing of past due but not impaired trade receivables as at 1 October 2021 is as follows:

	1 Oct 21 £'000	2 Oct 20 £'000
Current (within 30 days)	8,175	8,140
Up to 6 Months	85	129
6 to 12 Months	-	5
12+ Months	-	73
At End of Year	**8,260**	**8,347**

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

	1 Oct 21 £'000	2 Oct 20 £'000
Cash and Coin Inventories	**128,315**	**158,225**

The carrying amount of the inventories is considered to be its fair value and is stated net of inventory shrinkage provisions of £32,862 *(2020: £79,572)* (note 4).

Notes to the Consolidated Financial Statements *(continued)*

10. Cash and Cash Equivalents

	1 Oct 21 £'000	2 Oct 20 £'000
Cash in Hand and at Bank	**744**	**854**

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 2 October 2020 and 1 October 2021	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 2 October 2020	3,806
Profit for the year ended 1 October 2021	53
As at 1 October 2021	3,859

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

	1 Oct 21 £'000	2 Oct 20 £'000
Non-Current Liabilities:		
Deferred Tax Liability	871	558
Lease Liabilities	8,337	9,298
	9,208	**9,856**
Current Liabilities:		
Trade Payables	1,963	1,829
Social Security and Other Taxes	842	861
Corporation Tax Payable	-	173
Accruals & Deferred Income	18,267	18,979
Other Payables	365	82
	21,437	**21,924**

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 *(2020: 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

	1 Oct 21 £'000	2 Oct 20 £'000
Non-Current:		
Secured Bank Borrowings	**20,000**	**20,000**
Current:		
Secured Bank Borrowings	**107,773**	**138,729**
Total Borrowings	**127,773**	**158,729**

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 (automatically extended during the year until 31st January 2024 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 1.71% per annum *(2020: 2.03% 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 1 October 2021, the Company had available £85,745,000 *(2020: £73,549,000)* 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 £3,141,405 *(2020: £3,182,144)* (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

	1 Oct 21 £'000	2 Oct 20 £'000
Dilapidations	264	674
Total Provisions for Liabilities and Charges	**264**	**674**

	Dilapidations £'000	Total £'000
At 2 October 2020 – Liability	674	674
Utilised/Released	(410)	(410)
At 1 October 2021 – Liability	**264**	**264**

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 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Employee Costs (note 18(a))	47,243	48,629
Inventory Shrinkage Provision (notes 4 & 9)	33	80
Dilapidations Provision (note 16)	264	674
Auditors' Remuneration (note 19)	168	142
Depreciation (note 5)	4,461	4,398
Amortisation of intangible assets (note 6)	44	44
Amortisation of right of use assets (note 22)	885	875
Loss on disposal of Property Plant and Equipment (note 5)	16	488

Notes to the Consolidated Financial Statements *(continued)*

18 (a) Employee Costs

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Wages and Salaries	40,611	41,911
Social Security Costs	3,491	3,536
Pension Costs (note 15)	3,141	3,182
	47,243	**48,629**

18 (b) Employee Numbers

The average number of monthly employees was:

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Executive (of whom 1 is an executive director)	7	6
Operational	1,280	1,398
Support	313	315
	1,600	**1,719**

Notes to the Consolidated Financial Statements *(continued)*

18 (c) Key Management and Directors' Remuneration

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Aggregate Emoluments	442	442
Aggregate Amounts Receivable Under Incentive Schemes	334	267
Compensation for loss of office	-	-
Company Contributions Paid To Defined Contribution Pension Schemes	-	-
Social Security Costs	107	98
	883	**807**

Highest Paid Director:

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Amount of Emoluments	362	362
Amount Receivable Under Incentive Schemes	334	267
Company Contributions Paid To Defined Contribution Pension Schemes	-	-
Social Security Costs	96	87
	792	**716**

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

Retirement benefits have been paid in respect of nil directors *(2020: 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 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Fees payable to the Company's auditor and its associates for the audit of the Financial Statements	83	81
Fees payable to the Company's auditor and its associates for other services:		
- Assurance Services	71	8
- Taxation Advice	14	55
	168	**144**

20. Finance Income and Costs

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Finance Income:		
Bank Interest Receivable on Cash and Cash Equivalents	-	1
Interest Received on Lease Liabilities	1	4
Finance Costs:		
Interest on Bank Borrowings and Bank Overdrafts	(2,425)	(3,102)
Interest on Lease Liabilities	(188)	(206)
Total Finance Costs (Net)	**(2,612)**	**(3,303)**

21 (a) Deferred Tax

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

	52 Weeks to 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
As at beginning of the year – Liability / (Asset)	558	424
Statement of Comprehensive Income charge (note 21(b))	313	134
As at end of the year – Liability	**871**	**558**

Deferred tax assets and liabilities relate to accelerated tax depreciation and effect of change in tax rate.

Notes to the Consolidated Financial Statements *(continued)*

21 (b) Tax Expense

	52 Weeks to 2 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Current Tax:		
- Current Year	93	374
- Prior Year	41	6
Deferred Tax (note 21(a))		
- Current Year	313	134
- Prior Year	-	-
- *Effect of tax rate change on opening balance*	-	-
	447	**514**

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 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Profit before Tax	**500**	**500**
Tax calculated at UK corporation tax rate of 19% *(2019: 19%)*	95	95
Expenses not deductible for tax purposes	7	44
Fixed Asset differences	145	316
Additional deduction for land remediation expenditure	(2)	(1)
R&D expenditure credits	(44)	(15)
Remeasurement of deferred tax for changes in tax rates	209	52
Adjustments to tax charge in respect of previous year	37	23
Income not taxable for tax purposes	-	-
Tax Rate Differences	-	-
Tax Expense	**447**	**514**

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	-
Low-value lease expense	74
	74

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 2 October 2020	9,419	384	**9,803**
Additions	178	-	**178**
Amortisation	(759)	(126)	**(885)**
Effect of modification to lease term	(241)	-	**(241)**
At 1 October 2021	**8,597**	**258**	**8,855**

Lease Liabilities	**Properties £'000**	**Plant & Machinery £'000**	**Total £'000**
At 2 October 2020	9,609	373	**9,982**
Interest expense	182	6	**188**
Lease payments	(895)	(138)	**(1,033)**
Effect of modification to lease term	(222)	-	**(222)**
At 1 October 2021	**8,674**	**241**	**8,915**

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 1 October 2021					
Lease Liabilities:					
Properties	483	663	718	6,810	**8,674**
Plant & Machinery	95	83	63	-	**241**
	578	**746**	**781**	**6,810**	**8,915**

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 1 Oct 21 £'000	52 Weeks to 2 Oct 20 £'000
Revenue	91,699	97,504
Administrative Expenses	(2,105)	(2,846)
Finance Income	-	1
Finance Costs	(2,325)	(3,095)
Trade Receivables	8,143	8,118
Prepayments and Accrued Income	249	1,444
Trade Payables	-	-
Accruals & Deferred Income	(9,356)	(10,887)
Bank Borrowings	(127,773)	(158,729)

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 2 October 2020	20,000	138,729	158,729
Cash Flows	-	(30,956)	(30,956)
At 1 October 2021	**20,000**	**107,773**	**127,773**

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.