

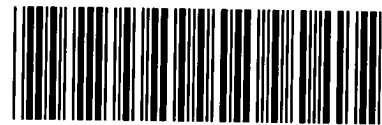
Registration number: 06091627

Allied Universal (Europe) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Allied Universal (Europe) Limited

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Allied Universal (Europe) Limited

Company Information

Directors	Helen Graham Timothy Kendall
Registered office	The Curve Hickman Avenue London E4 9JG
Independent auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ

Allied Universal (Europe) Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their report for the year ended 31 December 2021.

Fair review of the business

Principal activities

The principal activity of Allied Universal (Europe) Limited ("the Company") is to provide security services, predominantly through manned guarding, but complemented where appropriate with security systems and keyholding services.

Financial performance

The Company has net assets of £1,230,585 (2020: £1,136,787). This represents a year-on-year increase of £93,798 (8.3%).

The Company recorded revenue of £23,929,126 (2020: £25,956,247). This represents a year-on-year decrease of £2,027,121 (7.8%). In comparison, the Company recorded cost of sales of £21,832,786 (2020: £22,788,704). This represents a year-on-year decrease of £955,918 (4.2%). Overall, the Company recorded gross profit of £2,096,340 (2020: £3,167,543). This represents a year-on-year decrease of £1,071,203 (33.8%). These decreases are because of a one-off customer project in 2020 that was not repeated in 2021 and a reduction in another large contract.

The Company made a profit for the financial year of £93,798 (2020: £407,775). This represents a year-on-year decrease of £313,977 (76.9%).

The Company incurred restructuring costs during the year in relation to the G4S acquisition by Allied Universal, with the Company being integrated into the wider G4S group. These include redundancy costs and costs associated with terminating contracts with suppliers.

The directors consider the result for the year to be satisfactory.

Future developments

The company seeks to capitalise on opportunities to grow both organically and via acquisition.

Key performance indicators

One of the key performance indicators for the Company is revenue growth, for which the annual percentage decrease was 8% (2020: increase of 23%). This is due to overseas operations being transitioned to other entities in the G4S group.

Gross profit margin declined to 9% (2020: 12%) as a result of the transition to lower margin corporate clients, and the suspension of works in the Hospitality sector due to Covid-19.

The Company maintains a strong financial position, with net assets of £1,230,585 (2020: £1,136,787).

Principal risks and uncertainties

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

Allied Universal (Europe) Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

(1) Principal risks and uncertainties (continued)

Strategic Risks

Covid-19

The global pandemic, even as it seems to be ever more under control, is still a persistent theme during the regular business reviews. With the lifting of restrictions in 2021, the long-term impacts of Covid-19 will be monitored, and the business will adapt to the changing environment.

Brexit

Allied Universal (Europe) Limited could suffer from any adverse changes to the macro-economic environment in the UK, the Company's primary customer base. Brexit has not directly generated any significant impact on the trading conditions and labour availability at this time.

Both Brexit and Covid-19 may also have future wider reaching impacts, as it may influence decisions taken around outsourcing of services and the volume of discretionary spend available to outsource services. This may result in fewer opportunities for the Company and have a consequential negative impact on the financial performance.

(2) Financial Risks

Reliance on material counterparties

The Company depends on significant counterparties, including clients, suppliers, banks and insurers, to maintain its business. The failure of a key business partner could affect the business. The risk is mitigated as far as possible by limiting the dependence on any one partner.

(3) Operational Risks

Significant health, safety or environmental incidents

The potential to cause harm to employees, clients, or to damage the environment exists, and is mitigated by a regular monitoring of the Company's Quality, Health, Safety & Environmental programme.

Attracting and retaining skilled people

Failure to attract new talent and develop existing employees could impact growth and retention. The Company has a robust training and recognition scheme in place, which supports both the attraction and retention of key people.

(4) Financial Risk Management

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

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

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Helen Graham

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Helen Graham

Director

Allied Universal (Europe) Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

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

Troy Hewitt (resigned 6 April 2021)

David Isaac Buckman (appointed 6 April 2021 and resigned 26 January 2023)

The following directors were appointed after the year end:

Helen Graham (appointed 25 January 2023)

Timothy Kendall (appointed 25 January 2023)

Results and dividends

The results for the year are set out on page 11. The directors do not recommend the payment of a dividend (2020: £Nil).

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

Employee engagement

The company's HR policies and standards prescribe a framework to encourage employee engagement. Staff are provided with inductions and training to develop skills and ensure employees are aware of the resources available to them.

The employee hierarchy sets out reporting channels that facilitates effective communication within the company and throughout the Group. Newsletters and a company intranet further contribute to the provision of information to employees.

Periodic engagement surveys and employee forums enable staff to provide feedback to help guide management's course of action to meet strategies and objectives.

The company's process for recruiting staff is non discriminatory and applicants are assessed based purely upon their skills and abilities which enables the company to create a diverse workplace with a breadth of talents and expertise. In the event that an employee becomes disabled and unable to fulfil the specific job requirements of their employment, the company takes reasonable measures to retain and redeploy their talents to more suitable job roles as available.

Environmental matters

The directors have had due regard for their duty to promote the success of the Company for the benefit of its members as a whole. The directors carefully consider the consequences of all projects, ensuring they are fully planned and costed, taking account of the potential financial returns as well as the wider impacts on the business and the environment. The Company continually strives to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Allied Universal (Europe) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Financial risk management

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Allied Universal (Europe) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Directors indemnity

Allied Universal Topco LLC has granted indemnities to each of the Company's directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2021 and remain in force in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors. Allied Universal Topco LLC has maintained a directors' and officers' liability insurance policy throughout the year under review.

Going concern

The Company has net assets at the year end. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due and the financial statements have been prepared on a going concern basis.

Disclosure of information to the auditors

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

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

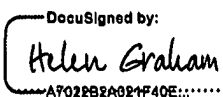
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

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

21-Apr-23 | 10:21 BST

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

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Helen Graham
Director

Allied Universal (Europe) Limited

Independent Auditors' Report to the Members of Allied Universal (Europe) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Allied Universal (Europe) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Allied Universal (Europe) Limited

Independent Auditors' Report to the Members of Allied Universal (Europe) Limited (continued)

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

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

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

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

Allied Universal (Europe) Limited

Independent Auditors' Report to the Members of Allied Universal (Europe) Limited (continued)

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

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Allied Universal (Europe) Limited

**Independent Auditors' Report to the Members of Allied Universal (Europe) Limited
(continued)**

DocuSigned by:

Julia Piechoczek

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Julia Piechoczek, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditors
London, United Kingdom

21-Apr-23 | 11:28 BST

Date:.....

Allied Universal (Europe) Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	23,929,126	25,956,247
Cost of sales		<u>(21,832,786)</u>	<u>(22,788,704)</u>
Gross profit		2,096,340	3,167,543
Administrative expenses		(1,783,712)	(2,643,203)
Restructuring costs		<u>(281,158)</u>	<u>-</u>
Operating profit	5	31,470	524,340
Interest payable and similar expenses	9	<u>-</u>	<u>(8,875)</u>
Profit before tax		31,470	515,465
Tax on profit	10	<u>62,328</u>	<u>(107,690)</u>
Profit for the year		<u>93,798</u>	<u>407,775</u>

The above results were derived from continuing operations.

Allied Universal (Europe) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£	£
Profit for the financial year	<u>93,798</u>	<u>407,775</u>
Total comprehensive income for the financial year	<u>93,798</u>	<u>407,775</u>

The notes on pages 15 to 25 form an integral part of these financial statements.

Allied Universal (Europe) Limited**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share capital £	Retained earnings £	Total £
At 1 January 2020	1,250	727,762	729,012
Comprehensive income:			
Profit for the financial year	-	407,775	407,775
Total comprehensive income for the financial year	-	407,775	407,775
At 31 December 2020	<u>1,250</u>	<u>1,135,537</u>	<u>1,136,787</u>
At 1 January 2021	1,250	1,135,537	1,136,787
Comprehensive income:			
Profit for the financial year	-	93,798	93,798
Total comprehensive income for the financial year	-	93,798	93,798
At 31 December 2021	<u>1,250</u>	<u>1,229,335</u>	<u>1,230,585</u>


The notes on pages 15 to 25 form an integral part of these financial statements.

Allied Universal (Europe) Limited**(Registration number: 06091627)****Statement of Financial Position as at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Property, plant and equipment	11	1,171	77,471
Current assets			
Trade and other receivables	12	5,905,975	4,621,498
Deferred tax assets	10	70,312	-
Cash and cash equivalents	13	<u>1,955,649</u>	<u>3,692,994</u>
		7,931,936	8,314,492
Creditors: Amounts falling due within one year			
Trade and other payables	14	<u>(6,547,478)</u>	<u>(7,153,329)</u>
Net current assets		<u>1,384,458</u>	<u>1,161,163</u>
Total assets less current liabilities		1,385,629	1,238,634
Creditors: Amounts falling due after more than one year	14	-	(101,847)
Provisions for liabilities	15, 10	<u>(155,044)</u>	<u>-</u>
Net assets		<u>1,230,585</u>	<u>1,136,787</u>
Equity			
Share capital	16	1,250	1,250
Retained earnings		<u>1,229,335</u>	<u>1,135,537</u>
Total shareholders' funds		<u>1,230,585</u>	<u>1,136,787</u>

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The financial statements on pages 11 to 25 were approved by the Board on and signed on its behalf by:

DocuSigned by:

 A7022B2A024F40E:.....
 Helen Graham
 Director

The notes on pages 15 to 25 form an integral part of these financial statements.

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

Allied Universal (Europe) Limited is incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales, and domiciled in the UK. It is a private company, limited by shares. The Company's registered office is: The Curve, Hickman Avenue, London, E4 9JG.

Details of the Company's principle activities are included in the strategic report.

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, share based payments and related party transactions.

Going concern

The Company has net assets at the year end. The Directors have considered this, along with the expected activities of the Company for the foreseeable future, and have reached the conclusion that the Company will be able to meet its future obligations as they fall due and the financial statements have been prepared on a going concern basis.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue relating to the provision of security services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Pensions - Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Finance income and finance costs

Interest income is recognised in profit or loss using the effective interest method.

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Income tax

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

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

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

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

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

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

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Depreciation is provided on the following basis:

Asset class	Depreciation rate
Plant and machinery	50% straight line
Motor vehicles	20% straight line
Fixtures and fittings	25% straight line
Office equipment	33% straight line

Financial instruments

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

Trade and other receivables

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade and other payables

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Provisions

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

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

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

Leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

There are no judgements, estimates and assumptions which are of significance in the preparation of the Company's financial statements.

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Revenue

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

	2021	2020
	£	£
Rendering of services	23,929,126	25,956,247

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£	£
UK	21,911,848	24,773,247
Europe	562,453	760,000
Rest of world	1,454,825	423,000
	<u>23,929,126</u>	<u>25,956,247</u>

5 Operating profit

Arrived at after charging:

	2021	2020
	£	£
Depreciation expense	46,982	59,178
Foreign exchange gains	42,502	83,541
Operating lease expense - property	37,181	88,313
Loss on disposal of property, plant and equipment	<u>25,627</u>	<u>-</u>

6 Staff costs

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

	2021	2020
	£	£
Wages and salaries	15,241,154	15,727,393
Social security costs	1,636,589	1,547,466
Pension costs, defined contribution scheme	259,551	277,554
Redundancy costs	<u>118,255</u>	<u>-</u>
	<u>17,255,549</u>	<u>17,552,413</u>

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

	2021	2020
	No.	No.
Total	<u>454</u>	<u>516</u>

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	<u>64,604</u>	<u>134,279</u>

Contributions paid to defined contribution pension schemes in respect of the directors totalled £nil (2020: £nil). Retirement benefits are accruing to 1 director (2020: 1) under these schemes.

8 Auditors' remuneration

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

	2021	2020
	£	£
Audit of the financial statements	<u>35,000</u>	<u>15,000</u>

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

9 Finance costs

	2021	2020
	£	£
Interest on obligations under finance leases and hire purchase contracts	<u>-</u>	<u>8,875</u>

10 Income tax (credit)/expense

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

	2021	2020
	£	£
Current tax		
UK corporation tax	7,224	107,690
UK corporation tax adjustment to prior periods	760	-
Total current tax	<u>7,984</u>	<u>107,690</u>
Deferred tax		
Arising from origination and reversal of temporary differences	(2,341)	-
Arising from changes in tax rates and laws	(16,875)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(51,096)</u>	<u>-</u>
Total deferred tax	<u>(70,312)</u>	<u>-</u>
Total income tax (credit)/expense in the profit and loss account	<u>(62,328)</u>	<u>107,690</u>

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Income tax (credit)/expense (continued)

The tax charge on profit for the year is the same as (2020: the same as) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before income tax	31,470	515,465
Corporation tax at standard rate	5,979	97,938
Decrease in current tax from adjustment for prior periods	(50,336)	-
Decrease from effect of different UK tax rates on some earnings	(16,875)	-
Decrease from effect of income exempt from taxation	(1,096)	-
Increase from effect of expenses not deductible in determining taxable profit	-	9,752
Total income tax (credit)/expense	(62,328)	107,690

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

Deferred tax

Deferred tax are as follows:

2021	Asset £
Accelerated tax depreciation	7,664
Accruals	62,648
	70,312

Deferred tax movement during the year is as follows:

	At 1 January 2021 £	Recognised in income £	At 31 December 2021 £
Accelerated tax depreciation	-	7,664	7,664
Accruals	-	62,648	62,648
Net tax assets/(liabilities)	-	70,312	70,312

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

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

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Tangible assets

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2021	5,142	188,550	104,831	92,798	391,321
Disposals	(5,142)	(188,550)	(104,831)	(85,638)	(384,161)
At 31 December 2021	-	-	-	7,160	7,160
Depreciation					
At 1 January 2021	5,142	117,844	104,502	86,362	313,850
Charge for the year	-	46,982	-	-	46,982
Eliminated on disposal	(5,142)	(164,826)	(104,502)	(80,373)	(354,843)
At 31 December 2021	-	-	-	5,989	5,989
Carrying amount					
At 31 December 2021	-	-	-	1,171	1,171
At 1 January 2020	-	70,706	329	6,436	77,471

The net book value of assets held under hire purchase is £nil (2020: £70,706).

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other receivables

	2021 £	2020 £
Trade receivables	3,814,202	3,678,085
Prepayments and accrued income	2,032,090	828,468
Other receivables	59,683	114,945
	<u>5,905,975</u>	<u>4,621,498</u>

There is no loss allowance for trade receivables at the year end (2020: Nil).

13 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>1,955,649</u>	<u>3,692,994</u>

14 Trade and other payables

	2021 £	2020 £
Within current liabilities		
Trade payables	705,313	795,176
Accruals and deferred income	771,087	569,453
Amounts owed to Group undertakings	2,760,204	1,633,694
Social security and other taxes	1,157,073	2,902,266
Other payables	1,153,801	1,233,630
Obligations under finance lease and hire purchase contracts	-	19,110
	<u>6,547,478</u>	<u>7,153,329</u>
Within non-current liabilities		
Obligations under finance lease and hire purchase contracts	-	101,847
	<u>-</u>	<u>101,847</u>

Included in amounts owed to Group undertakings are loans of £2,603,694 (2020: £1,633,694), which are unsecured and repayable on demand. Interest is charged on these loans at nil to LIBOR + 4.25% (2020: nil). All other amounts owed to Group undertakings are trading in nature, unsecured, interest-free and repayable on demand.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Provisions

	Other £	Total £
Additional provisions in the year	155,044	155,044
At 31 December 2021	155,044	155,044

The provision relates to expected cash outflow during 2022 in relation to restructuring following the integration of the business into G4S.

Management judgement is required in quantifying the Company's provisions, particularly in connection with claims and onerous customer contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different to the amount provided. Each of these provisions reflects the Company's best estimate of the probable exposure and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Company is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Company's overall provisioning position in the next 12 months.

16 Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £	2020 No.	2020 £
Ordinary shares of £0.50 each	2,500	1,250.00	2,500	1,250.00

17 Retirement benefit obligations

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £259,551 (2020 - £277,554).

18 Commitments

Operating lease commitments

The total amount of other financial commitments not provided in the financial statements was £Nil (2020 - £247,563).

Allied Universal (Europe) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

19 Parent and ultimate parent undertaking

The Company's ultimate parent undertaking and ultimate controlling party is Atlas Ontario LP, a limited partnership formed under the laws of the Province of Ontario, Canada. The registered office of Atlas Ontario LP is 1551 N Tustin Ave # 650, Santa Ana, California 92705, USA. Atlas Ontario LP, is also the parent undertaking of both the smallest and largest groups which include the results of the Company and for which consolidated financial statements are prepared.

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