Loomis UK Limited

Annual report and financial statements

for the year ended 31 December 2022

Registration number: 03200432

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Directors, secretary and professional advisers

Directors
T Gibbs
N Högberg (resigned 31st March 2023)
S Kazes (appointed 20th December 2022)

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Independent Auditor
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Solicitors
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Strategic report for the year ended 31 December 2022

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

Principal activity and future developments

The principal activity of the company is the provision of cash in transit security and ATM maintenance services. The directors propose to continue the same activity next year.

Results and dividends

The company's loss for the financial year is £5,962,000 (2021: £3,513,000). During the year no dividend (2021: £-) was paid to Loomis Holding UK Limited.

The company had no exceptional items of expense during the year (2021: £-).

Business review

During 2022 the company saw turnover increase from £67.0m to £72.0m due the first full-year of trading unfettered by the impact of lockdowns since the COVID-19 pandemic. Cash volumes increased when the COVID-19 lockdown restrictions were eased but not to their pre-COVID-19 levels due to permanent shifts to on-line retail and contactless pay methods and the general structural decline of cash usage in the UK.

Cash usage post restriction easing in the UK has stabilised at approximately 70 percent of the pre-COVID-19 levels. The company anticipated these levels of cash usage when under-going its restructure programme in 2020. So, no further restructuring activities have been required during 2022.

The reduced levels of cash usage in the UK since the arrival of COVID-19 have had a longer-term impact on the company's revenues from its cash in transit and cash management activities. Similar to many companies in the UK currently, Loomis UK Limited had to deal with employee shortages during 2022. Due to the secure nature of its trading activities and the industry standards in place, all new staff undergo a stringent vetting process which can extend the recruitment process. Our revenue recovery in 2022 was inhibited by the staff shortages as customer service levels were impacted. The Company invested heavily in our recruitment activities during 2022 and made significant progress in addressing our headcount shortfall by the end of the year and this will help drive revenue growth in 2023.

As is similar with the rest of the UK, Loomis UK Limited has faced increased inflationary pressures during 2022. Employee, fuel and utility costs have all risen. The rising fuel prices have been exacerbated by the Russia/Ukraine conflict. Whilst the company has contracts in place which mitigate some of the impact of the price rises, Loomis UK Limited has had to absorb some costs over the short-term, leading to a rise in cost of sales and administrative expenses.

Although Loomis UK Limited receives its funding from its parent company, Loomis AB. It has still been subject to increased costs of funding caused by rising interest rates. The increase in interest rates have driven the year on year increase in finance expenses.

The company's use of the government's Coronavirus Job retention Scheme (CJRS) ceased during 2021 upon the closure of the scheme. It has recognised no grant income during the year (2021: £2,013,000). The prior usage of the scheme helped to maintain the long-term security of the company and minimise the extent of the restructure programmes required.

Future outlook

The directors will continue to manage and monitor the business going forward to ensure the goals of the ultimate parent are reached.

Principal risks and uncertainties

The Directors regularly perform a risk assessment process to identify the key risks which could materially impact the Company's strategy, reputation, business, assets and profitability. The key risks identified are listed below:

Changes in market environment
Changes in cash usage trends within the UK market through the development of new technology, changes in consumer behaviour and high street retail trends could impact the Company's strategy and profitability. The company recognises that this is the most significant risk it faces. The Loomis group continues to investigate alternative revenues streams outside of the cash in transit line of business, with a focus on complementary products that will enhance its cash in transit offering. Opportunities exist to further promote and grow the Loomis Safepoint offering to existing and new customers.

The Directors continue to monitor the impact of Brexit on the Company's strategy and operations.

Strategic report
for the year ended 31 December 2022 (continued)

Principal risks and uncertainties (continued)

Brexit has contributed towards an extended lead time for vehicle parts for repairs on the existing fleet and replacement vehicles, which has had to receive additional focus in order to limit any impact on the operational side of the business.

So far due to the domestic nature of the majority of our business Brexit has not had a significant direct impact on our activities and we anticipate this to continue, but acknowledge there could be indirect implications if Brexit has a material impact on the UK's general economic activity and trends.

Changes in legislation
Unexpected changes in legislation in relation to the Company's business activities could have a material impact on the Company's strategy, business and profitability. Loomis UK Limited attempts to mitigate these risks by keeping abreast constantly of potential changes which may impact the company to enable as much lead time as possible to make compensatory changes to operations and strategy.

IT systems
The Company relies on key IT systems and processes in order to provide services and key reporting to customers whilst maintaining compliance with relevant legislation. Key system failures, and a failure of key business continuity and disaster recovery processes, could materially impact the Company's reputation, business and profitability. The Loomis group as a whole mitigates these risks by investing heavily in its data centres and business continuity planning.

Criminal attacks and robberies
Due to the nature of the Company's activities, a significant increase in criminal attacks and robberies against the Company's employees, customer property/employees and members of the public could have a material impact on the Company's reputation, business, assets and profitability. Loomis UK Limited emphasises heavily to all employees the importance of safety and has a robust training scheme designed to minimalise the risks faced daily by its operational staff.

Employee relations
As a service provider, the Company's relationship with our employees is crucial to the successful customer services delivery. A significant deterioration in labour relations could have a material impact on the Company's reputation, business and profitability.
Similar to many companies in the UK currently, Loomis UK Limited is coping with employee shortages. Due to the secure nature of its trading activities, it is important that all new staff undergo a stringent vetting process which can extend the recruitment process. The Company has been able to increase its headcount towards the end of 2022 and has an ongoing recruitment drive for operational staff. The company is always looking at ways to streamline the process of onboarding new recruits.

Inflationary pressures
Increasing fuel costs, have meant the Company has been subject to higher prices, which have been mitigated by a fuel surcharge matrix incorporated into customer contracts which is based on market diesel prices. This has enabled Loomis UK Limited to cover the fuel increase accordingly.
The Company's 3-year fixed energy tariff ended in September 2022. Loomis UK Limited was able to negotiate a further fixed term contract with a new supplier during 2021 that came into force when the previous contract expired. This will enable the Company to weather much of the current UK energy crisis.
Staff costs have risen due to employee cost of living rises. The Company has absorbed these costs in the short term which has led to an increase in cost of sales and administrative expenses.

Key performance indicators ("KPIs")

Operational Key Performance Indicators ("KPI's") used within the business for understanding financial performance are turnover, gross profit percentage and profit margin before tax. During the year the company's turnover increased to £72,008,000 (2021: £67,002,000) this was due to having the first full-year of trading post COVID-19 pandemic without any government mandated lockdowns which impact our customers' ability to trade. Gross margin increased to 12.60% (2021: 9.73 %) and loss margin before tax decreased to -7.63% (2021: -7.99%). The year on year reduction in profit percentage margin has been driven mostly by the closure of the Coronavirus Job Retention Scheme, from which the company received £2,013,000 during 2021. Loomis UK Limited has also been subject to an increase in IT related costs due to a change in the groups transfer pricing model. The company's pre-COVID 2019 gross margin was 23.94% and its pre-COVID pre-tax profit margin was 6.05%. The improvement in margins between 2021 and 2022 were driven by the benefits delivered by the 2020

Strategic report
for the year ended 31 December 2022 (continued)

Key performance indicators ("KPIs") (continued)

restructures performed to right-size the business for trading in a post COVID-19 economy and the result of a full-years trading unrestricted by lockdown measures.

Section 172 Statement

It is the duty of the Directors to protect the sustainability of the Company, as well as, the best interests of its various stakeholders. These stakeholders include:

- Customers
- Suppliers
- Employees
- Loomis UK Pension Scheme
  Regulators and other Government agencies
- Community and the Environment
- Other Loomis Group companies
- The ultimate shareholder, Loomis AB

Therefore, in making key decisions the Directors and Management review and challenge the potential impact of recommended actions to reach an agreed executable plan designed to balance the interests of all impacted parties.

In order to achieve this objective, the Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 by taking the following interests into consideration where applicable:

- **Customers -** the Company strives to deliver exceptional quality and innovative solutions that add value. Exceeding customer expectations is a service aim for the Company and is integrated within one of the core values of the Loomis Model. Further details of the Loomis Group core values can be found on page 17 of the Loomis AB 2022 Annual Report.
  The Company actively listens to the customer's needs with the goal of understanding where they are today and where they would like to be in the future, thus giving the opportunity to develop better solutions in order to meet the customers' current needs and needs of the future.
  Service level agreements are implemented with customers being credited for unavoidable service fulfilment failures.
  Like many industries recruitment of drivers is a key priority to enable Loomis UK Limited to fulfil its commitments to its customers. The company is constantly looking at ways to improve staff retention in order to meets is service targets to its customers.
- **Suppliers –** the Company is committed to maintaining a good relationship with its suppliers. Loomis UK Limited has fully embraced the payment practices and performance reporting requirements which became effective in April 2017. The Company has a clear dispute resolution process. Typical payment terms of 30 days exist with suppliers, with an average time to pay of 24 days as at the reporting period.
  The company has endeavoured to ensure that it continues with its timely supplier payment practices during the pandemic.
- **Employees –** The Directors consider the Company's employees to be its most valuable asset. As a transport-intensive company exposed to strong risk and security considerations on a day-to-day operational basis, the employee's safety is paramount. As stated in the Loomis AB 2022 Annual Report on page 42, inclusion within our workplaces has been identified as a key success factor at Loomis. It facilitates growth and development for all within the Company. With a new strategy launched in 2022 around inclusion, diversity and inclusion, Loomis UK Limited showcases best practice in the area.
  The Company actively seeks input from its employees and takes into consideration the views and opinions expressed. There are several ways in which this is achieved:
    - Conducting employee surveys. The Company issues an employee survey on an annual basis in order to gain feedback from all employees on an anonymous basis so as to gain insight into employee opinion on culture, leadership, information dissemination and treatment of employees. The results are collated at department manager level and relayed to managers anonymously.
    - Conducting exit interviews for employees leaving the Company and sharing this feedback with Management.

Strategic report
for the year ended 31 December 2022 (continued)

Section 172 Statement (continued)

- Ensuring that all employees complete the training programmes in the Code of Conduct. Every new recruit goes through an introduction program. To ensure a high and consistent level of safety, employees are trained and educated on an ongoing basis. There is also a focus on recruiting the right people with the right values.
- Fostering a culture of openness and ensuring that all employees are offered a safe workplace and a sound and open working environment. The Company's Code of Conduct contains the fundamental values and codes that clearly establish, among other things, the Company's zero tolerance for all forms of discrimination, and that each individual must be treated with respect. If employees do not feel safe in expressing an opinion, there is an anonymous whistle-blower system called the Loomis Integrity Line.
- The company actively engages with employee unions to try and achieve mutually beneficial outcomes for employees and Loomis UK Limited alike.

- **Loomis UK Pension Scheme –** the Company considers the Loomis UK Pension Scheme, a defined benefit scheme closed to new members in 2001 and to future accrual in 2013, a key stakeholder. The Company works collaboratively with the Trustees of the pension scheme to put in place a long-term and sustainable strategy to ensure that the scheme is appropriately funded to meet the obligations to its members.
- **Regulators and other Government agencies** – ensuring long-term sustainability of the Company through the adherence to proper stand-alone governance practices and conduct rules. The Company intends to maintain and promote business methods with the highest ethical standards. There is a zero-tolerance policy for unethical behaviour.
  All cases of unethical behaviour that are reported are followed up, investigated and appropriate actions taken.
- **Community and the Environment –** ensuring that the Company acts as a good corporate citizen in the communities it serves. Loomis UK Limited has embraced the Group's targets for 2024, which include a 15 percent reduction in carbon emissions from its baseline of usage during 2019. The company has already exceeded this target by reducing its tCO_2 emissions by 37 percent since 2019. The dramatic reduction has been driven by the downsizing of the fleet of operational vehicles and the closure of several branches during the Covid pandemic.
  The Loomis groups overall dedication to reducing emissions is demonstrated by the issuing of a sustainability linked bond by the parent company, Loomis AB.
  Older and heavier fleet vehicles have been replaced with lighter and more fuel-efficient vehicles. With the first Hybrid vehicle rolled out for use in Q1 2022. We now have a total of four Hybrid vehicles in the fleet.
  New plastic security bags procured are made up of a high percentage of recycled materials.
  During 2022 the company engaged in numerous social initiatives, including employees working at a food bank for the day, charity bake sales and a charity fun day. The company raised a total of £4,081.50 for its chosen charity, Macmillan Cancer Support, during the year. Loomis UK Limited also matched the funds raised during the year in February 2023.
- **Other Loomis Group Companies** – The Company both utilises the services of other companies within the Group and provides services to other members of the Group. Where it does it ensures that it establishes terms that would be available to/from other customers/suppliers in the local marketplace.
- **Ultimate Shareholder** – the aim of the Company is to provide a long-term stable operating environment through which it can contribute towards the overall growth of the Loomis Group.
  The Company has recognised the reduced demand for cash services due to trends towards digital payment methods and on-line shopping and has reacted accordingly by restructuring its operational activities to maximise the efficiency of its resources, thereby maintaining its returns to its ultimate shareholder Loomis AB.

Approved by the board and signed on its behalf by:

Tim Gibbs

T Gibbs
Director
28 September 2023

Directors' report
for the year ended 31 December 2022

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

Future developments

These are included within the strategic report on page 2.

Business relationships

Business relationships are discussed within the section 172(1) statement of the directors' report.

Going concern

The company meets its day-to-day cash requirements through its available committed banking facilities. The company has net current assets of £7,428,000 (2021: net current assets of £9,153,000), net assets of £38,830,000 (2021: net assets of £44,764,000), distributable reserves of -£3,400,000 (2021: £2,552,000) and it has cash of £6,813,000 (2021: £5,367,000) as at 31 December 2022.

The reduced cash usage levels in the UK market as a result of the COVID-19 pandemic have stabilised at approximately 70% of the pre-pandemic levels. We expect that the reduction of cash usage in the UK is permanent. The cost mitigation initiatives implemented during 2020 to minimise the short-term cashflow impact of the pandemic have enabled the company to minimise its losses. In light of the reduction in cash usage following the COVID-19 pandemic, the Directors have accessed that it still remains appropriate for the accounts to be prepared on a going concern basis. This is on the basis that the Company's cost base has been adjusted based on the new volume levels and that there remain growth opportunities in a market that it is likely to see further consolidation and industry initiatives, such as Cash Access UK, which will support future significant cash usage. Loomis UK Limited has not needed to seek loan assistance and is currently operating within its agreed overdraft facility which is funded by its ultimate parent Loomis AB.

After making enquiries and taking into account the impact of the COVID-19 pandemic on the UK cash market, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. A letter of support has been signed by the parent company Loomis AB confirming their continuing support for a period of not less than 12 months from the date of approval to these financial statements. The directors have assessed and concluded that the parent company is in a position to be able to provide sufficient financial support to the company and for the accounts to be prepared on a going concern basis with no material uncertainty identified. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Streamlined Energy and Carbon Reporting

The total energy consumption for the period ended 31 December 2022 along with prior year comparative was

Category	**Total kWh 2022**	**Total kWh 2021**
Electricity consumption	3,103,700	3,469,500
Transport Fuel:		
Diesel	27,443,000	27,720,500
Petrol	147,700	128,200
Total	**30,694,400**	**31,318,200**

The associated greenhouse gas emissions (GHG) is 7,709 tonnes CO2e (2021: 7,606 tonnes CO2e):

	2022		**2021**	
Emissions source	**Tonnes CO2e**	**% Share**	**Tonnes CO2e**	**% Share**
Scope 1	6,654	86%	6,593	87%
Scope 2	605	8%	736	10%
Scope 3	450	6%	277	3%
Total emissions (tCO2e)	**7,709**	**100%**	**7,606**	**100%**

Directors' report
for the year ended 31 December 2022 (continued)

Streamlined Energy and Carbon Reporting (continued)

Note: Scope 1: Company operated transport and private vehicles used for business travel. Scope 2: Electricity. Scope 3: Procured plastic bags. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation. As an unquoted entity, Scope 3 emissions are not required to be disclosed, but Scope 1 and 2 emissions must include certain aspects of Scope 3 emissions as well, notably emissions from business travel in rental cars or employee-owned vehicles, where organisations are responsible for purchasing fuel. Unquoted entities must also disclose energy consumed in relation to transport using the same definitions.

An intensity ratio of 107.1 (2021: 113.5) tonnes of CO2e per £m of revenue has been calculated to enable yearly performance comparison.

Methodology

Since 2018 the Loomis Group has used a third-party system (SaaS) to handle all ESG data. The system is tailored for reporting of data and KPIs, which facilitates and validates the process to systematically collect, confirm, calculate and report all sustainability data in the areas of health, the environment and safety. All climate reporting within Scope 1, 2 and 3 is based on the international Greenhouse Gas Protocol Initiative (GHG Protocol).

Calculation of carbon emissions for energy purchases are based on the location-based method, which in turn is based on each geographically distinct country's emissions from electricity production, regardless of whether they pay for renewable electricity or not. Calculations on changes in carbon emissions are made in relation to the Group's operational volume. A transparent indicator for operational volume in relation to transport operations is the number of kilometres driven. We have followed the 2019 UK Government Environmental Reporting Guidelines. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures

Energy efficiency initiatives

The Loomis groups new sustainability targets were issued in quarter one of 2022, which included the goal of reducing carbon emissions by 15% in Scope 1 and 2 combined by the end of 2024, using 2019 as the base year.

Direct emissions from the company's own transport operations in 2022 were reduced by 33.8 percent (2021: 34 percent) in absolute numbers compared with 2019. This is in part explained by a decline in transport operations during the coronavirus pandemic. It has been challenging to achieve route efficiency because of the lower route density. The decline in emissions are also due to increased use of light skin vehicles and the use of telematics to route plan.

Due to the secure nature of the work carried out by Loomis, there is a reliance on heavily armoured vehicles. The heavy nature of the armour has impacted efforts to move the fleet towards electric vehicles, however various pilots are underway across the group to address this problem. Older and heavier fleet vehicles have been replaced with lighter and more fuel-efficient vehicles. With the first Hybrid vehicle rolled out for use in Q1 2022. We now have a total of four Hybrid vehicles in the fleet. Loomis UK Limited has been targeted by the group to have 29 electric vehicles in place by January 2024 as part of its overall fleet.

Results and dividends

The results for the year are set out on page 14.

During the year no dividend was paid (2021: £-). Due to the continued impact of the COVID-19 pandemic on the business the company will not be required to pay a dividend during 2023.

Financial risk management

The company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only of cash balances. These assets and liabilities are subject to interest rate fluctuations. The amounts owed to group undertakings are unsecured and accrue interest at rates agreed by Loomis AB treasury function, which are aligned to prevailing market rates plus a transfer pricing margin set by the treasury function. The directors review interest rate policy on a regular basis.

The company is exposed to liquidity risk. The company has committed banking facilities through a cash pooling and loan agreement with other companies within the Loomis AB group. The directors regularly monitor available cash balances and available facilities to ensure that the company has sufficient funds to meet its obligations.

Directors' report for the year ended 31 December 2022 (continued)

Financial risk management (continued)

The company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews and monitoring of the aged debtors ledger are utilised to minimise the risk to the company on an ongoing basis.

The Company is financed via an overdraft facility (managed through a Group Treasury arrangement) and a loan provided by its ultimate parent company, Loomis AB. The Company therefore has interest and funding risk exposure but due to the nature of the facilities, provided by its ultimate parent company, the Directors assess that this risk is low given the ongoing support of Loomis AB.

The company is not exposed to any significant exchange rate risk.

Employee engagement

The company aims to maintain a healthy employee environment which encourages dialogue between management and employees. On a regular basis management engages with the employees through a range of channels, including face to face, webcasts and via internal bulletins issued via email. For operational staff who do not have email access company notices are displayed on electronic bulletin boards within the branches.

Further information around employee engagement is included in the employee section of the Section 172 Statement within the Strategic report on pages 4 and 5.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives, where not commercially sensitive, occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole.

Encouragement of active involvement in the Company's performance is offered to some management staff in the form of an annual incentive programme, which takes the form of a share incentive scheme. Further details of the scheme can be found in Note 5.

Engagement with suppliers, customers and others

The company actively engages with its customers in order to better understand their needs and to help provide a service which meets their business needs both now and in the future. The company is constantly searching for innovative solutions to customer needs by investigating products that can enhance its current offerings.

The company is committed to maintaining a good relationship with its suppliers. Loomis UK Limited complies with the payment performance reporting requirements. Further details of how the company engages with its customers and suppliers can be found in the Section 172 Statement within the Strategic report on page 4.

Donations

During the year the company made charitable donations of £- (2021: £1,800). The company matched its 2022 fund raising activities post balance sheet. No donations for political purposes were made (2021: £-).

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

T Gibbs
N Högberg (resigned 31st March 2023)
S Kazes (appointed 20th December 2022)

Directors' indemnities

The ultimate parent company Loomis AB maintains liability insurance for the company's directors and officers. Following shareholder approval, the company has also provided an indemnity for its directors and the secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This was in force for the year to 31 December 2022.

Directors' report
for the year ended 31 December 2022 (continued)

Post balance sheet events

An at-retirement Pension Increase Exchange Option was introduced in 2023 for deferred members of the defined benefit scheme. This will lead to a recognition of a past service credit of £500,000 in the 31 December 2023 Company's income statement.

On the 29th June 2023 Loomis UK Limited issued a further 40,169 shares at a price of £186.71 per share to its only shareholder, Loomis Holding UK Limited. A total of £7,499,953.99 was paid in respect of the issuance. These funds have since been used to reduce the overdraft position of Loomis UK Limited. Immediately upon the issuance of the shares, a capital reduction exercise was performed to convert the newly issued share capital and share premium to distributable reserves.

The Nottingham transport branch was closed as part of a small restructure on the 12th August 2023. As part of this restructure small changes were also made to some head office departments.

The directors note that these are non-adjusting post balance sheet events and as such, no adjustments have been made to the financial statements as at 31 December 2022 on this basis.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 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 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' confirmations

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

- so far as the 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 they ought to have taken as a director in order to make themselves 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.

Directors' report
for the year ended 31 December 2022 (continued)

Independent auditors

The auditors, Deloitte LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

Approved by the board and signed on its behalf by:

Tim Gibbs

T Gibbs
Director
28 September 2023

Independent auditor’s report to the members of Loomis UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Loomis UK Limited (the ‘company’):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

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

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 the members of Loomis UK Limited (continued)

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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company’s business sector.

We obtained an understanding of the legal and regulatory frameworks 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 UK Companies Act, pensions legislation, tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company’s ability to operate or to avoid a material penalty.

We discussed among the audit engagement team [including relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists] 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 areas, and our specific procedures performed to address them are described below:

- Revenue recognition and specifically the risk that there are manual adjustments made to revenue recognised in the general ledger which overrides the recognition of revenue based on data from the billing system; we have profiled manual journal entries posted to revenue accounts and for a sample of entries have obtained evidence that they are valid and bona fide journal entries and that where revenue has been manually recognised, this is in accordance with FRS101.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

Independent auditor's report to the members of Loomis UK Limited (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external 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.

Joanna Waring

Joanna Waring FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
28 September 2023

Statement of comprehensive income for the year ended 31 December 2022

	Note	**2022 Total £'000**	2021 Total £'000
Revenue	4	**72,008**	67,002
Cost of sales		**(62,934)**	(60,480)
Gross profit		**9,074**	6,522
Other Operating Income	7	**58**	2,123
Administrative expenses		**(13,998)**	(13,500)
Operating loss	10	**(4,866)**	(4,855)
Finance income	8	**329**	387
Finance expense	9	**(956)**	(886)
Loss before tax		**(5,493)**	(5,354)
Tax on loss	11	**(469)**	1,841
Loss for the financial year		**(5,962)**	(3,513)
Other comprehensive income/(expense):			
Actuarial gains/(losses) on defined benefit obligations	23	**14**	(10,605)
Total tax on components of other comprehensive income/(expense)	21	**(4)**	2,645
Other comprehensive income/(expense) for the year		**10**	(7,960)
Total comprehensive expense for the year		**(5,952)**	(11,473)

All amounts above relate solely to continuing operations.

Other comprehensive expense will not be reclassified subsequently to profit or loss.

Statement of financial position as at 31 December 2022

	Note	2022 £'000	*Restated 2021 £'000
Fixed assets			
Intangible assets	12	**11,653**	11,719
Property, plant and equipment	13	**30,475**	34,148
Right-of-use assets	14	**6,772**	8,166
		48,900	54,033
Current assets			
Inventories	15	**295**	250
Debtors (including £229,000 (2021: -) due after more than one year)	16	**20,609**	20,410
Deferred tax asset	21	**-**	2,351
Pension asset	23	**14,675**	14,751
Cash at bank and in hand		**6,813**	5,367
		42,392	43,129
Creditors: amounts falling due within one year	17	**(34,964)**	(33,976)
Net current assets		**7,428**	9,153
Total assets less current liabilities		**56,328**	63,186
Creditors: amounts falling due after more than one year	18	**(10,000)**	(10,000)
Interest-bearing non-current lease liabilities	19	**(6,057)**	(7,066)
Provisions for liabilities	20	**(900)**	(1,356)
Deferred tax liabilities	21	**(541)**	-
Net assets		**38,830**	44,764
Capital and reserves			
Called up share capital	22	**20,443**	20,443
Share premium account		**18,207**	18,207
Share based remuneration		**22**	4
Capital redemption reserve		**3,558**	3,558
Profit and loss account		**(3,400)**	2,552
Total shareholders' funds		**38,830**	44,764

*The prior year comparatives have been restated. Please refer to Note 3.

The financial statements on pages 14 to 46 were approved by the board of directors and authorised for issue on 28 September 2023 and are signed on their behalf by:

Tim Gibbs

T Gibbs
Director

Statement of changes in equity
for the year ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Share based remuneration	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	20,443	18,207	3,558	-	14,025	56,233
Loss for the financial year	-	-	-	-	(3,513)	(3,513)
Share based remuneration	-	-	-	4	-	4
Other comprehensive expense for the year:						
- Actuarial losses on defined benefit obligations	-	-	-	-	(10,605)	(10,605)
- Total tax on components of other comprehensive expense	-	-	-	-	2,645	2,645
Total comprehensive expense for the year	-	-	-	**4**	**(11,473)**	**(11,469)**
Balance at 31 December 2021	**20,443**	**18,207**	**3,558**	**4**	**2,552**	**44,764**
Loss for the financial year	-	-	-	-	(5,962)	(5,962)
Share based remuneration	-	-	-	18	-	18
Other comprehensive income for the year:						
- Actuarial gain on defined benefit obligations	-	-	-	-	14	14
- Total tax on components of other comprehensive income	-	-	-	-	(4)	(4)
Total comprehensive expense for the year	**-**	**-**	**-**	**18**	**(5,952)**	**(5,934)**
Balance at 31 December 2022	**20,443**	**18,207**	**3,558**	**22**	**(3,400)**	**38,830**

Called up share capital account represents consideration received for shares at their nominal value (£100 per share).

Share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting year.

Profit and loss account represents accumulated comprehensive (expense) / income for the year and prior years, less distributions to owners.

Share based remuneration relates to the long-term share-based incentive scheme (LTIP 2021) which was approved during the previous year. LTIP 2021 is aimed at executive management and a number of key individuals.

Notes to the financial statements for the year ended 31 December 2022

1 General information

Loomis UK Limited ("the company") provides cash in transit security and ATM maintenance.

The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office for inspection of registers is 6th floor Regus, East West Building 2, Tollhouse Hill, Nottingham NG1 5FS.

2 Summary of significant accounting policies

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

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

These financial statements are separate financial statements.

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

Impact of initial application of other amendments to IFRS Standards and Interpretations

The following new or amended standards were applicable as of January 1, 2022: IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – Cost of fulfilling a contract (endorsed by EU on 28 June 2021), Annual Improvements 2018–2020, IAS 16 Property, Plant and Equipment: Proceeds before Intended use (endorsed by EU on 28 June 2021), IFRS 3 Business Combinations: Reference to conceptual framework (endorsed by EU on 28 June 2021). The new or amended standards have not had any material impact on the company's financial statements.

New or amended accounting standards to be applied after 2022

The following new or changed reporting standards have been published but are not mandatory for 2022, and have not been early-adopted by Loomis: IFRS 17 Insurance contracts: Insurance contracts (endorsed by EU on November 19, 2021), IAS 1 Presentation of Financial Statements: Disclosure of accounting policies (endorsed by EU on March 2, 2022), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates (endorsed by EU on March 2, 2022), IAS 12 Income taxes: Deferred tax relating to assets and liabilities arising from a single transaction (endorsed by EU on August 11, 2022), IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 - comparative information (endorsed by EU on September 8, 2022), IFRS 16 Leases: Lease liability in a sale and leaseback, IAS 1 Presentation of Financial Statements: Classification of liabilities as current and non-current, IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants. These new, amended or improved standards have not yet been adopted unless specifically stated above and they are not expected to have any material impact on Loomis UK Limited's financial statements.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS7, 'Financial Instruments: Disclosures'.
- IFRS3, 'Business Combinations'

Notes to the financial statements for the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1; and
  (ii) paragraph 73(e) of IAS16 Property, plant and equipment.
  The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statements of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the group accounts of Loomis AB.

Going concern

The company meets its day-to-day cash requirements through its available committed banking facilities. The company has net current assets of £7,428,000 (2021: net current assets of £9,153,000), net assets of £38,830,000 (2021: net assets of £44,764,000), distributable reserves of -£3,400,000 (2021: £2,552,000) and it has cash of £6,813,000 (2021: £5,367,000) as at 31 December 2022.

The reduced cash usage levels in the UK market as a result of the COVID-19 pandemic have stabilised at approximately 70% of the pre-pandemic levels. We expect that the reduction of cash usage in the UK is permanent. The cost mitigation initiatives implemented during 2020 to minimise the short-term cashflow impact of the pandemic have enabled the company to minimise its losses. In light of the reduction in cash usage following the COVID-19 pandemic, the Directors have accessed that it still remains appropriate for the accounts to be prepared on a going concern basis. This is on the basis that the Company's cost base has been adjusted based on the new volume levels and that there remain significant growth opportunities in a market that it is likely to see further consolidation and industry initiatives, such as Cash Access UK, which will support future significant cash usage. Loomis UK Limited has not needed to seek loan assistance and is currently operating within its agreed overdraft facility which is funded by its ultimate parent Loomis AB.

After making enquiries and taking into account the impact of the COVID-19 pandemic on the UK cash market, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. A letter of support has been signed by the parent company Loomis AB confirming their continuing support for a period of not less than 12 months from the date of approval to these financial statements. The directors have assessed and concluded that the parent company is in a position to be able to provide sufficient financial support to the company and for the accounts to be prepared on a going concern basis with no material uncertainty identified. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exceptional Items

Items are disclosed as exceptional items where they are deemed to be one-off in nature and of a material size such that separate disclosure with a note, is required to enable the reader of the accounts to fully understand the company's performance and activities. This disclosure is included within Note 10.

2 Summary of significant accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Property, plant and equipment are carried at cost less depreciation. 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.

Upon disposal of an asset, any sale proceeds are recognised in the income statement in the period during which the asset is sold. Any residual net book value of the asset is released to the income statement in the period during which the asset is disposed of.

Freehold buildings	-	5%
Long leasehold land and buildings	-	10%
Short leasehold land and buildings	-	20% or over the term of the lease
Plant & machinery	-	10% to 66¾%
Vehicles	-	10% to 25%

Plant & machinery includes assets relating to the Loomis SafePoint product offering. The safes are leased to customers as part of a servicing contract. The SafePoint assets are depreciated over the life of the service contract with the customer.

Intangible assets

Goodwill

Goodwill arises on business combinations and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

The Goodwill balance relates to the acquisition of the trade and assets of the retail operations of Sunwin Security Group in 2015. Under FRS 101 this balance is not amortised but is subject to annual impairment reviews. Whilst this treatment is inconsistent with the Companies Act, which requires goodwill to be amortised over its UEL, management have determined that this is the most appropriate treatment in light of the fact that the acquired trade

2 Summary of significant accounting policies (continued)

Intangible assets (continued)

and assets were fully integrated into the existing business and operations and therefore cannot be separately identified and measured.

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3-5 years.

Customer contracts

Acquired customer contracts are initially recognised at fair value based upon the discounted value of the expected profits to be derived from the existing contracts. They are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives which is deemed to be 5 years based upon the average length of the customer contracts.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables and cash in the statement of financial position.

Recognition and measurement

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is calculated on a first-in, first out basis. Stock provisions are recorded where there is a risk of obsolescence or where excess stock balances are held.

2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Notes to the financial statements for the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

Employee benefits (continued)

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

Provisions

Provisions for onerous leases and reorganisation costs are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Onerous leases costs

When a leasehold property remains empty for longer than 6 months or there is no foreseeable use for the property, then the lease is defined as onerous. The onerous lease costs are reflected as an impairment of the right-of-use asset associated with the property.

Dilapidation costs

Future expected costs relating to dilapidations are reflected under provisions. The provision value represents the discounted net present value of the estimated future expenditure to settle obligations. Estimated costs are based on a range of criteria including branch size, dilapidations assessments conducted by a third party and previous experience of costs likely to be incurred.

Reorganisation

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Onerous (loss-making) contracts

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable.

Revenue recognition

Performance obligations and timing of revenue recognition

Performance obligations are identified at the point when contracts are entered into. The company's obligations to its customers are based on the contract in which the performance obligation is detailed. Revenue is measured at fair value and is recognised in the accounting period in which the services are delivered. It is recognised based on the customer contract at the agreed transaction price at the point where the company has satisfied its performance obligation as set out in the contract. The revenue is typically recognised on a over-time basis.

Transaction Price

The transaction price is the price that will be allocated to the Company's performance obligations. The transaction price is the amount that Loomis UK Limited expects to be entitled to in exchange for transferring goods or services. This amount can be made up of both fixed and variable amounts.

Notes to the financial statements for the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

SafePoint revenue recognition

When providing services Loomis sometimes uses an equipment called SafePoint. When selling this solution, the service normally consists of providing the customer with transport services, cash management services and a storage service. The customer deposits cash into the SafePoint unit and the funds are then deposited on the customer's bank account. The cash is collected, transported, processed, and verified as the amount deposited earlier and stored in Loomis's vault. SafePoint equipment is part of Loomis's delivery of the SafePoint service.

SafePoint equipment at the customer's premises is owned by Loomis and can be replaced with new SafePoint equipment by Loomis if this is deemed necessary. The contract is therefore not related to a specific asset. If a contract ends and the customer decides they would like to purchase the safe from Loomis, the proprietary software is removed first and the customer is given the key.

Loomis's performance obligation involves performing services for the term of the contract for which it is paid on a monthly basis, but this requires Loomis to perform a variety of tasks every day. The services are essentially performed on a straight-line basis over time. From both Loomis's and the customer's perspective the SafePoint equipment is included as part of the service that is delivered. These are not separate services and the SafePoint equipment is considered the same as any other equipment used to provide CIT and CMS services. For this reason, no allocation is made of the transaction price. Revenue is recognized throughout the term of the contract and invoiced on a monthly basis.

Agency arrangements

The company operates an agency arrangement for the provision of maintenance services for a customer's ATM estate. The gross inflows of economic benefit include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. Subsequently, the amounts collected on behalf of the principal are not included within revenue and operating profit. The agency arrangement is a straight pass through and results in no revenue for the entity.

Rental income

Rental income from operating leases (net of any incentives given to the lesees) is recognised on a straight-line basis over the lease term.

Finance income

Finance income is recognised using the effective interest method. When a loan receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Finance expense

Finance costs are recognised using the effective interest method. Interest-bearing bank overdrafts and loans are recognised as laid out under the Borrowings section on page 21. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method.

Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Share based payments

Certain employees receive incentives under long term incentive schemes, some of which involve share based payment awards. Under these incentive arrangements employees of the company are granted options over shares in Loomis AB. These are valued at their market value at the date of the grant and a charge is recognised within administrative expenses for this fair value, over the life of the option.

Right of use assets

Following the transition to IFRS 16 all of Loomis' leases are measured according to the cost model, which means that right-of-use assets will be measured at cost less accumulated depreciation and any impairment

2 Summary of significant accounting policies (continued)

losses, and adjusted for any remeasurement of the lease liability that reflects a reassessment or amendment of the lease. The remeasurement amount is recognized as an adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset is written down to zero and there is a further reduction in the value of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

Lease liabilities include the present value of the following lease payments:

- Fixed lease payments (including those that are substantially fixed)
- Variable lease payments that are determined by an index or price
- Guaranteed residual value that the lessee expects to be required to pay the lessor
- The exercise price of a purchase option if it is reasonably certain that the lessee will exercise the option
- Penalties for terminating the lease if the lease term reflects the assumption that the lessee will exercise this option

Lease payments are discounted by a discount rate based on the length of the lease and underlying interest rate plus a risk premium. The discount rate is the same for all asset classes.

Operating leases with a remaining term of less than 12 months are recognized as short-term agreements and are therefore not included in the calculation of the lease liability.

Government grant

Government grants relating to the Coronavirus Job Retention Scheme, are recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Critical accounting estimates and judgements

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.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful economic lives of property, plant and equipment – critical estimate

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 2 for the useful economic lives for each class of assets.

(b) Impairment of intangible assets, property, plant and equipment – critical estimate

The company considers whether intangible assets, property, plant and equipment are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. In connection with the impairment testing of goodwill and other acquisition-related intangible assets, the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the greater of either an asset's net realizable value or its value in use. As under normal circumstances, no listed market prices are available to assess an asset's net realizable value, the carrying amount is normally compared with the value in use. The calculation of the value in use is based on assumptions and assessments. The most important assumptions are organic growth, development of the operating margin, the utilization of operating capital employed and the relevant WACC rate used to discount future cash flows. See note 12 for the carrying value of goodwill balances.

Key assumptions used in the present value calculation include:

- The CGUs revenue growth from its 2023 starting point is achieved based on delivering prices increases in-line with inflation

3 Critical accounting estimates and judgements

- the discount rate used in the present value calculation is 9.5%
- capital investment expenditure is based on expected fixed asset replacement requirements of the business and does not include any expansion or growth-related investments
- the operating margin of the CGU continues to increase in line with the customer price increase net of cost increases in-line with inflation
- the company does not recommence funding of the defined benefit pension scheme on 1 January 2024 as is currently outlined in the revised recovery plan which was signed off on 21 December 2022 (Note 23)

Using the above assumptions there is a headroom of £8.7M before impairment of property, plant and equipment, goodwill or other intangibles balances would be required.

Loomis UK Limited's property, plant and equipment, goodwill or other intangibles balances were unimpaired at the end of 2021, with sufficient headroom maintained during impairment testing to avoid impairment during 2022. Sensitivities were performed over the assumptions used for the testing with the impact as shown below:

Assumption	Reduction in impairment value headroom
Base case revenue reduction 10%	£3.0 million decrease
Base case revenue reduction 20%	£6.0 million decrease
Increase discount rate by 1.0%	£5.6 million decrease
Increase discount rate by 1.0% to 10.5% with a base case revenue reduction 20%	£10.9 million decrease (impairment required)

It was assumed during the sensitivity analysis that the impact of any reduction in revenue would reduce operating result by 100% of the reduced revenue percentage.

(c) Defined benefit pension scheme – critical estimate

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation is determined using actuarial valuations. The actuarial valuation depends on making assumptions around a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These are the factors used in determining the net pension obligation in the statement of financial position. Due to the complexity of the valuation and the long term nature of these plans, the estimates are subject to uncertainties. The assumptions reflect historical experience and current trends. See note 23 for the disclosures of the defined benefit pension scheme.

There are no judgements used concerning accounting policies.

Prior year adjustment

The prior year Statement of Financial Position has been restated as a result of an error in the classification between categories on the face of the Statement of Financial Position.

The Deferred Tax Asset has been reclassified from Fixed Assets to Current Assets, leading to an increase in Current Assets of £2,351,000 and a corresponding decrease in Fixed Assets to the same value.

The Pension Asset as also been reclassified to fall under Current Assets, leading to a further increase of £14,751,000 in Current Assets.

These restatements have not had an effect on the prior year Net Assets and Total Assets of the Statement or Comprehensive Income.

Notes to the financial statements for the year ended 31 December 2022

4 Revenue

Analysis of revenue by geography:

	2022	2021
	£'000	£'000
United Kingdom	**71,545**	66,770
Rest of Europe	**463**	232
	72,008	67,002

All of the company's revenue is derived from the sale of services.

Contract Analysis:

	2022	2021
	£'000	£'000
Whereof At a Point of Time	**4,422**	4,250
Whereof Over Time	**67,586**	62,752
	72,008	67,002

All of the company's revenue is derived from the sale of services.

Revenue recognised over time consists of revenue derived from the company's cash in transit, cash management services and storage operations.

Revenue recognised at a point of time consists of revenue from forwarding and ATM services provisions.

5 Employee information

The monthly average number of full-time equivalents (including executive directors) employed by the company during the year was:

	2022	2021
	Number	Number
Security operations	**886**	885
Management and administration	**148**	158
	1,034	1,043

5 Employee information (continued)

The aggregate payroll costs were as follows:	**2022**	2021
	£'000	£'000
Wages and salaries	**36,060**	34,245
Social security costs	**4,222**	3,951
Other pension costs	**2,112**	2,127
Coronavirus job retention scheme receipts	**-**	(2,013)
	42,394	38,310

In 2022, government grants of £- (2021: £2,013,000) were received as part of a Government initiative, the Coronavirus Job Retention Scheme, to provide immediate financial support as a result of the economic impact of the Coronavirus pandemic. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Share based incentive scheme

Loomis AB has previously operated a number of share based incentive schemes for employees. According to the incentive scheme, two thirds of the variable remuneration / bonus will be settled in cash the year after vesting, while shares will be purchased for the remaining third. The bonus criteria are based on individual performance and / or the performance for the part of the Group that the individual is responsible for. For Loomis UK Limited there are no other material costs other than the allocated bonus and related social security costs.

The share purchase is administered by Loomis AB Group ('Loomis') Treasury, who purchase shares from the NASDAQ Stockholm exchange through a swap agreement. Shares are purchased for the corresponding third of the total achieved bonus amount. The purchased shares will be allotted to the participants approximately one year after the purchase, given that they are still employed by the Group. Loomis will not issue any new shares or similar in relation to this incentive scheme. The purpose of this scheme is to replace the cash bonus of existing bonus schemes with shares in Loomis AB, thus increasing the employee's ownership as a whole.

The incentive scheme paid out £- in March 2022 for the 0 participants (2021: 15 participants) who were eligible for the share element of the incentive scheme. There was £- (2021: £6,497) credited to the income statement in the financial year ended 31 December 2022.

The incentive scheme from 2021 onwards no longer includes a share element and is comprised of a 100% cash element, so there are 0 participants who are currently eligible for the 2022 share based incentive scheme; a charge of £- has been recorded in profit or loss in the financial year ended 31 December 2022 (2021: £-).

Long-term share-based incentive scheme

LTIP 2021-2023

On May 6, 2021 a new long-term share-based incentive scheme (LTIP 2021) was approved. LTIP 2021 is aimed at executive management and a number of key individuals, and is based on the following principles: (i) investors must invest in shares in Loomis or allocate certain shares already earned, (ii) the participants must be employed within the Group for the duration of the scheme, and (iii) the outcome of LTIP 2021, in the form of allotment of so-called performance shares, is linked to a predetermined performance target for growth in earnings per share being met. If all of the scheme criteria are met, the members of Group Management will receive the following: (i) five performance shares per investment share each for the CEO, Regional President Europe, Regional President USA, and the CFO (ii) four performance shares per investment share each for other members of Group Management and (iii) three performance shares per investment share each for other scheme participants. LTIP 2021 has a maximum return limit for the participants, whereby if the average price paid for Loomis's shares on NASDAQ Stockholm during a period of five trading days immediately prior to the date for allotment of performance share exceeds SEK 800 per share, the number of performance shares to which each participant is entitled will be reduced based on the maximum limit.

Notes to the financial statements for the year ended 31 December 2022

5 Employee information (continued)

The performance target that must be met for allotment of performance shares is the cumulative earnings per share (EPS) during the period January 1, 2021 – December 31, 2023. A determination will be made in connection with the publication of the full-year report for 2023 on whether the performance target has been met, and allotment of performance shares will take place after the end of the vesting period. The Board of Directors intends to communicate the adopted performance target in the 2023 Annual Report. LTIP 2021 will result in personnel costs over the vesting period in the form of payroll costs recognized in the accounts, and social security contributions. Loomis UK Limited incurred £21,073 (2021: £4,909) of costs relating to the schemes 1 participant (2021: 1 participants) in 2022.

6 Directors' emoluments

Total directors' emoluments, paid by the company to directors, for their services to Loomis UK Limited:

	2022	2021
	£'000	£'000
Directors' emoluments	**777**	844
Value of company pension contributions to money purchase schemes	**18**	33
	795	877

As at 31 December 2022 retirement benefits are accruing to no directors (2021: none) under a defined benefit scheme. Company contributions to money purchase schemes in the year were £17,649 (2021: £32,774). The contributions related to 1 director (2021: 2 directors). During the year no directors (2021: none) exercised options over shares in Loomis AB, please refer to note 5 for more information.

There are 2 participants (2021: 1 participant) who are currently eligible for the 100% cash element of the 2022 incentive scheme; a charge of £108,535 has been recorded in profit or loss in the financial year ended 31 December 2022 (2021: £25,000).

£- was paid to directors or past directors in respect of loss of office during the year (2021: £91,289).

Emoluments of highest paid director

	2022	2021
	£'000	£'000
Directors' emoluments	**652**	545
Value of company pension contributions to money purchase schemes	**-**	-
	652	545

The amount of accrued defined benefit pension in respect of the highest paid director at 31 December 2022 was £- (2021: £-).

Company pension contributions are made directly to the scheme by Loomis Sverige AB.

Notes to the financial statements for the year ended 31 December 2022

7 Other operating income

	2022	2021
	£'000	£'000
Sub-lease income	**58**	110
Coronavirus job retention scheme receipts	**-**	2,013
	58	2,123

Income received from sub-leasing a vacant branch for the duration of the year.

8 Finance income

	2022	2021
	£'000	£'000
Bank interest income	**59**	9
Net income on the net defined benefit pension deficit (note 23)	**270**	378
	329	387

9 Finance expense

	2022	2021
	£'000	£'000
Bank borrowings	**462**	242
Group loans	**253**	181
Change in discount factor and unwinding of discount on the dilapidations provision	**3**	198
Lease liability interest	**238**	265
	956	886

The discount factor applied to the dilapidations provision in 2022 has been increased to 3.5325% (2021: 1%). This is due to the inflationary pressures currently being experienced in the UK and globally.

Notes to the financial statements for the year ended 31 December 2022

10 Operating loss

	2022	2021
	£'000	£'000
Operating loss is stated after charging:		
Amortisation of intangible assets (note 12)	**69**	121
Exchange losses	**27**	-
Depreciation of property, plant and equipment (note 13)	**7,974**	8,055
Depreciation of right-of-use assets (note 14)	**1,680**	1,579
Loss on disposal of property, plant and equipment	**127**	486
Operating lease expense	**15**	64
Exceptional expenses (see below)	**-**	-
Services provided by the company's auditors		
- Fees payable for the audit of the financial statements	**99**	81
- Fees payable for non-audit services	**-**	-

At the year end, exceptional expenditure of £22,074 (2021: £220,435) remains unutilised within provisions for liabilities (note 20) in relation to the committed future costs of the programme.

Total exceptional expenses of £- (2021: £-) have been recognised in the statement of comprehensive income as an expense.

Notes to the financial statements for the year ended 31 December 2022

11 Tax on loss

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on loss for the year	**-**	86
Prior year adjustments	**(2,419)**	(3,404)
Total current tax credit	**(2,419)**	(3,318)
Deferred tax		
Origination and reversal of timing differences	**(894)**	(2,979)
Impact of deferred tax rate changes	**-**	785
Prior year adjustments	**3,782**	3,671
Total deferred tax charge	**2,888**	1,477
Tax charge/(credit) on loss	**469**	(1,841)

The tax assessed for the year is higher (2021: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Loss before taxation	**(5,493)**	(5,354)
Loss multiplied by the standard effective rate of corporation tax in the UK of 19% (2021: 19%)	**(1,044)**	(1,017)
Effects of:		
Income not taxable	**-**	(1,876)
Expense not taxable	**550**	-
Impact of super deduction	**(400)**	-
Impact of deferred tax rate changes	**-**	785
Prior year adjustments	**1,363**	267
Tax charge/(credit) for the year	**469**	(1,841)

11 Tax on loss (continued)

Factors affecting current and future tax charges

The future tax charge will be affected by losses available for group relief.

Corporation tax is recorded at 19% (2021: 19%). Legislation was introduced in the Finance Bill 2021 to set the main rate for Corporation Tax at 25% for the financial year beginning 1 April 2023. Since the proposal to increase the rate to 25% has been substantively enacted at the balance sheet date, its effects are including in these financial statements.
The enactment of the Finance Act 2022 has not impacted the company at all.

Deferred tax balances at 31 December 2022 are measured at 25% (2021: 25%).

12 Intangible assets

	Customer contracts £'000	Goodwill £'000	Software licences £'000	Total £'000
Cost				
At 1 January 2022	4,022	11,558	5,282	20,862
Additions	-	-	3	3
At 31 December 2022	**4,022**	**11,558**	**5,285**	**20,865**
Accumulated amortisation				
At 1 January 2022	4,022	-	5,121	9,143
Charge for year	-	-	69	69
At 31 December 2022	**4,022**	**-**	**5,190**	**9,212**
Net book value				
At 31 December 2022	**-**	**11,558**	**95**	**11,653**
At 31 December 2021	-	11,558	161	11,719

Intangible assets amortisation is recorded in administrative expenses in the statement of comprehensive income. Recoverable amounts have been calculated as the value in use. The useful life of the customer contract portfolio and the related customer relationships are based on the turnover rate of the acquired portfolio and are equal to 5 years, corresponding to annual amortisation of 20 percent. The customer contract portfolio amortisation completed during 2020.
The Loomis UK Limited goodwill balance relates solely to the acquisition of the trade and assets of Cardtronics' Retail CIT business on 1 July 2015 (held in the entity Sunwin Security Services Limited) and reflects the difference between the fair value of the assets acquired and the consideration paid after the recognition of an intangible asset for the contract portfolio acquired.
The goodwill balance is reviewed annually for impairment. Future cash flows are discounted using the weighted average cost of capital (WACC) of 9.5% (2021: 8.5%). It is assumed that Loomis UK Limited's revenue will grow by 10.5% over the next 5 years from its 2023 starting point which is to be achieved based on delivering prices increases in-line with inflation and that operating margins will also continue to increase in line with the customer price increase net of cost increases in-line with inflation
Sensitivity testing is conducted on the assumptions used to perform the impairment review to ensure sufficient headroom.

Notes to the financial statements for the year ended 31 December 2022

13 Property, plant and equipment

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Short leasehold land and buildings £'000	Plant & machinery £'000	Vehicles in-build £'000	Total £'000
Cost						
At 1 January 2022	3,790	9,433	9,751	77,535	692	101,201
Transfers	-	-	-	692	(692)	-
Additions	35	103	204	2,080	2,004	4,426
Disposals	(210)	-	-	(2,183)	-	(2,393)
At 31 December 2022	**3,615**	**9,536**	**9,955**	**78,124**	**2,004**	**103,234**
Accumulated depreciation						
At 1 January 2022	3,489	4,886	8,287	50,391	-	67,053
Charge for year	105	562	473	6,834	-	7,974
Disposals	(111)	-	-	(2,157)	-	(2,268)
At 31 December 2022	**3,483**	**5,448**	**8,760**	**55,068**	**-**	**72,759**
Net book value						
At 31 December 2022	**132**	**4,088**	**1,195**	**23,056**	**2,004**	**30,475**
At 31 December 2021	301	4,547	1,464	27,144	692	34,148

Included within freehold land and buildings is £150,000 (2021: £150,000) of land which is not depreciated.

Notes to the financial statements for the year ended 31 December 2022

14 Right-of-use assets

	Right-of-Use Premises £'000	Right-of-Use Motor Vehicles £'000	Right-of-Use Machinery £'000	Right-of-Use Other £'000	Total £'000
Cost					
At 1 January 2022	12,248	726	147	551	13,672
Additions	231	-	-	-	231
Other movements	55	-	-	-	55
Disposals	-	-	-	-	-
At 31 December 2022	**12,534**	**726**	**147**	**551**	**13,958**
Accumulated depreciation					
At 1 January 2022	4,581	709	89	127	5,506
Charge for year	1,562	12	26	80	1,680
Disposals	-	-	-	-	-
At 31 December 2022	**6,143**	**721**	**115**	**207**	**7,186**
Net book value					
At 31 December 2022	**6,391**	**5**	**32**	**344**	**6,772**
At 31 December 2021	7,667	17	58	424	8,166

Building leases are negotiated for an average term of 20 years and vehicle leases for an average term of 4 years. Building rental costs are usually either fixed for the term or subject to a rent review every 5 years. Break clause options exist on many of the building leases, subject to 6 to 12 month's written notice.

Other movements relate to index adjustments driven by rent reviews on leased premises during the year.

14 Right-of-use assets (continued)

Amounts recognised in the income statement	2022 £'000	2021 £'000
Depreciation of right-of-use assets	**1,680**	1,579
Impairment of right-of-use assets	**-**	-
Interest expense for lease liabilities	**238**	265
Costs attributable to short-term leases	**13**	36
Costs attributable to low-value leases	**2**	28
Total amounts reported in the income statement	**1,933**	1,908

Payments made during 2022 amounted to £1,870,000 (2021: £1,974,000) in relation to lease liabilities.

During 2022 the costs relating to short-term leases (lease term of 12 months or less) amounted to £13,046 (2021: £36,053) and leases for which the underlying asset has a low value (<USD 5,000) amounted to £2,043 (2021: £28,192).

15 Inventories

	2022 £'000	2021 £'000
Spares and consumables	**295**	250

There is no significant difference between the replacement cost of spares and consumables and their carrying amounts.

Inventories are stated after provisions for impairment of £- (2021: £-).

A total charge of £525,609 has been recognised during the year relating to sacks and £3,219,460 relating to bulk fuel purchases.

16 Debtors

	2022	2021
	£'000	£'000
Trade receivables	**15,707**	14,290
Amounts owed by parent company	**248**	125
Amounts owed by group undertakings	**2,799**	2,941
Other receivables	**456**	451
Prepayments and accrued income	**1,170**	2,603
Other receivables due after one year	**229**	-
	20,609	20,410

Amounts owed by group undertakings and by parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts owed by parent company relate to costs recharged for employees performing work on behalf of Loomis AB, the ultimate parent. The recharges are applied at a mark-up rate consistent with the signed transfer pricing agreement between both parties.

Amounts owed by group undertakings consists of £399,837 recharged for employees performing work on behalf of various other Loomis entities. The recharges are applied at a mark-up rate consistent with the signed transfer pricing agreement between both parties. A charge of £2,313,183 owed by Loomis UK Finance Company Limited relates to reimbursement of group tax relief balances surrendered to the company as part of the 2021 corporation tax return.

Trade receivables are stated after provisions for impairment of £289,000 (2021: £262,000).

Trade receivables are also stated after a provision of £955,000 (2021: £1,450,000) in respect of a credit notes to be issued for services cancelled or suspended due to lockdown measures imposed as a result of the COVID-19 pandemic.

Trade and other receivables include £229,000 (2021: £-) due after more than one year

Notes to the financial statements for the year ended 31 December 2022

17 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	**2,042**	3,964
Amounts owed to parent company (note 19)	**19,464**	18,421
Amounts owed to group undertakings	**217**	118
Corporation tax	**-**	-
Other taxation and social security	**2,508**	2,374
Other creditors	**2,716**	2,511
Provisions for liabilities (note 20)	**1,103**	1,194
Accruals	**5,292**	3,258
Deferred income	**510**	541
Interest bearing current lease liabilities	**1,112**	1,595
	34,964	33,976

£87,000 of amounts owed to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand (2021: £279,000).

£16,000 of amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand (2021: £118,000).

£19,377,000 (2021: £18,142,000) of amounts owed to parent company are unsecured, accrue interest at 5.46% as at 31 December 2022 have no fixed date of repayment and are repayable on demand. The average interest rate during the year was 2.43% (2021: 1.56%).

Other creditors amount of £2,716,000 (2021: £2,511,000) includes accruals for employee related expenses, provisions for thefts, losses and shortages and funds held in lien relating to customers whose accounts are in default.

18 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts owed to parent company (note 19)	**10,000**	10,000
	10,000	10,000

£10,000,000 of amounts owed to parent company are unsecured and accrue interest at 2.54% (2021: 1.82%). These amounts are repayable on 22 January 2024.

Notes to the financial statements for the year ended 31 December 2022

19 Loans and other borrowings

	2022 £'000	2021 £'000
Amounts owed to parent company	**29,377**	28,142
Interest bearing lease liabilities	**7,169**	8,661
	36,546	36,803

The amounts owed to parent company includes an unsecured overdraft amount of £19,377,000 (2021: £18,142,000) which accrues interest at 5.46% if utilised (2021: 1.56%) and is repayable immediately upon demand.

£10,000,000 of amounts owed to parent company are unsecured and accrue interest at 2.54% (2021: 1.82%). These amounts are repayable on 22 January 2024.

Amounts payable under leases

	2022 £'000	2021 £'000
Expiring within one year	**1,112**	1,595
Expiring after one year	**6,057**	7,066
	7,169	8,661

Undiscounted amounts payable under leases

	2022 £'000	2021 £'000
Expiring within one year	**1,312**	1,830
Expiring after one year	**16,615**	15,942
	17,927	17,772

20 Provisions for liabilities

	Dilapidations provision £'000	Reorganisation provision £'000	BPO expenses provision £'000	Total provision £'000
At 1 January 2022	1,964	91	495	2,550
Charged to profit or loss	(173)	64	-	(109)
Increase due to unwinding of discount	154	-	-	154
Decrease due to change in discount factor	(151)	-	-	(151)
Utilised	(362)	(70)	(9)	(441)
At 31 December 2022	**1,432**	**85**	**486**	**2,003**

	Dilapidations provision £'000	Reorganisation provision £'000	BPO expenses provision £'000	Total provision £'000
Amounts falling due within one year	1,018	85	-	1,103
Amounts falling due after one year	414	-	486	900
At 31 December 2022	**1,432**	**85**	**486**	**2,003**

Of the £2,003,000 total provisions for liabilities, £1,103,000 is expected to be utilised within one year and is shown under Note 17 Creditors: amounts falling due within one year. The remaining £900,000 is expected to be utilised after one year and is shown as provisions for liabilities (£900,000) on the statement of financial position.

Dilapidations provision

The provision reflects the dilapidation repair costs to be incurred where applicable as well as non-rent related lease costs relating to 5 of the 9 branches closed during 2020. The dilapidations element is based on the discounted value of future net cash outflows to restore all leased properties in accordance with the lease. The discount factor used is 3.53% (2021: 1%). The discount will unwind over the life of the lease. The company expects the provision to be utilised as follows: Within 1 year £1,018,000 (2021: £1,103,000), between 1 and 5 years £240,000 (2021: £611,000) and over 5 years £174,000 (2021: £250,000).

Reorganisation provision

The provision reflects an amount included for potential employment litigation claims. The company expects all £85,000 of the provision to be utilised within 1 year.

20 Provisions for liabilities (continued)

BPO expenses provision

The £486,000 relates to costs associating with the BPO offering for the defined benefit pension scheme and is expected to be utilised after 1 year. During 2020 a Bridging Pension Option (BPO) was offered to members of the pension scheme. The BPO gave members of the scheme the option of receiving a temporary pension from their retirement date until they reach state pension age. In return they are to receive a lower whole-of-life pension.

21 Deferred tax

Deferred tax (liability)/asset	**2022 £'000**	2021 £'000
At 1 January	**2,351**	1,183
Tax charge in the profit and loss (note 11)	**(2,888)**	(1,477)
Tax on other comprehensive (expense)/income	**(4)**	2,645
At 31 December	**(541)**	2,351

Deferred tax	**2022 £'000**	2021 £'000
Retirement benefit obligation	**(3,669)**	(3,688)
Fixed asset timing differences	**677**	2,448
Other timing differences	**574**	677
Lease obligation differences	**70**	60
Non-trade loan relationship debits	**157**	-
Trading losses	**1,650**	2,854
Deferred tax (liability)/asset	**(541)**	2,351

Deferred taxation has been calculated at a rate of 25% (2021: 25%).

The deferred tax liability is driven by the defined benefit pension scheme asset value. The asset value is updated annually with data derived from the IAS19 report provided by the Company's actuaries.

The fixed asset timing differences are measured on temporary differences between the carrying amounts and tax base of the assets. It is assumed that all fixed asset additions during the year will qualify for capital allowances and that maximum capital allowances will be claimed.

22 Called up share capital

	2022	2021
	£'000	£'000
Allotted, called-up and fully paid		
40,010 (2021:40,010) ordinary shares of £100 each	**4,001**	4,001
40,000 (2021: 40,000) redeemable shares of £100 each	**4,000**	4,000
124,420 (2021: 124,420) redeemable preference shares of £100 each	**12,442**	12,442
	20,443	20,443

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Preference share rights

The redeemable shares and redeemable preference shares are redeemable at the option of the company, subject to the provisions of the Companies Act, at any date as the directors shall determine at par value, after giving not less than 20 days nor more than 60 days prior notice of the redemption date and the aggregate number of shares to be redeemed.

The redeemable preference shares carry a zero coupon but are entitled to such other dividends as the holders of the ordinary shares may determine. On a return of capital or liquidation or otherwise the assets of the company available for distribution among the members shall be applied first in repaying the holders of the redeemable preference shares then in issue the amounts paid up on such shares. The redeemable preference shares will not entitle the holders thereof to any further or other right of participation in the assets of the company. In other respects the redeemable shares hold the same rights as the ordinary shares.

The redeemable preference shares do not carry any premium payable on redemption. There are 124,420 redeemable preference shares authorised for issue.

23 Pension schemes

A funded defined benefit scheme is operated for the benefit of employees within the Loomis UK Limited group of companies, with contributions in respect of scheme funding being advised by the Scheme Actuary Isio Group Limited (2021: Hymans Robertson LLP). The assets of the scheme are held in a separately administered fund. The final salary plan was closed to new members from 1 October 2001 and a money purchase section ("Retirement Investment Fund") established for new employees.

Paragraph 58 of IAS19 limits the measurement of a defined pension plan asset to "the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions from the plan". In July 2007, the International Accounting Standards Board (IASB) issued IFRIC14, its interpretation of the following issues:

- When refunds or reductions in contributions should be regarded as available;
- How a "minimum funding requirement" might affect the availability of reductions in future contributions; and
- When a "minimum funding requirement" might give rise to a liability.

IFRIC14 can have significant implications for UK companies accounting under IFRS, potentially restricting balance sheet assets or requiring additional liabilities to be recognised. IFRIC14 applies with mandatory force for periods beginning on or after 1 January 2009. In line with the approach taken in previous periods, no IFRIC 14 adjustment has been made to the results.

23 Pension schemes (continued)

Loomis UK Limited's ultimate parent company Loomis AB provide a guarantee in respect of the plan that was most recently updated on 25 May 2018. There are no other shared risks between Loomis UK Limited and Loomis Group in relation to the defined benefit plan.
During 2020, a Bridging Pension Option was introduced for deferred members of the defined benefit scheme, which led to the recognition of a past service credit of £3.8 million in the Company's income statement.

An at-retirement Pension Increase Exchange Option was introduced in 2023 for deferred members of the defined benefit scheme. This will lead to a recognition of a past service credit in the 31 December 2023 Company's income statement.

The risks of the scheme are as follows:

(a) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. During 2018 the plan's investment strategy was amended which saw the asset mix change from exposure from equities to bonds which provide a better natural hedge against the scheme liabilities. As a result, the targeted rate of return was reduced whilst the value at risk measure has improved.

As the plan matures, the company intends to continue to look for both tactical and strategic opportunities to reduce the level of investment risk by investing more in assets that better match the liabilities and also exploring liability management exercises.

(b) Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

(c) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(d) Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The latest triennial actuarial valuation at 5 April 2020, produced by Hyman Robertson LLP, was signed off the company and trustees on 30 June 2021. This includes a deficit of £7.6m on a technical provisions' basis. A revised recovery plan has been agreed, which runs from 1 January 2023 until 29 February 2028 (which replaces the previous recovery plan) and was signed off on 21 December 2022. The recovery plan specifies that deficit funding contributions will re-commence from 1 January 2024 with total contributions of £2.84m per annum in 2024 and continuing until 29 February 2028. The benefit obligation has been based on the valuation at 5 April 2020. This has been updated to 31 December 2022 by Isio Group Limited, a qualified independent actuary, for company accounting purposes. The parent company guarantee, provided by Loomis AB, continues to be in place. The duration of the Scheme is around 13-14 years.

The major assumptions used by the actuary were (in nominal terms):

	2022 %	2021 %
Main actuarial assumptions		
Rate of increase of pensions in payment	**2.62**	2.83
Discount rate	**4.75**	1.85
CPI Inflation assumption	**2.70**	2.85

Notes to the financial statements for the year ended 31 December 2022

23 Pension schemes (continued)

The life expectancy for the mortality tables used to determine the benefit obligations at 31 December 2022 are:

	2022	2021
Members age 65 (current life expectancy)	**19.50**	19.70
Members age 45 (life expectancy at age 65)	**20.80**	21.00

The mortality assumptions used for the 2020 triennial actuarial valuation of the Loomis UK pension liabilities were based on the SAPS S2 base tables, adjusted to reflect the Scheme's own best-estimate mortality characteristics. This has been carried through to the IAS19 valuation. An allowance has then been made for anticipated future improvements in life expectancies by applying the CMI 2021 model for future improvements with a long-term improvement rate of 1% p.a. and core parameters for the smoothing factor (7) and w parameters of 10%.

Reconciliation of scheme assets and liabilities:

Reconciliation of benefit obligation	**2022**	2021
	£'000	£'000
Benefit obligation at 1 January	**162,409**	155,634
Interest cost	**2,955**	2,289
Benefits paid	**(5,366)**	(6,145)
Experience loss	**8,047**	1,066
Actuarial (gain)/loss – financial assumptions	**(59,723)**	42
Actuarial (gain)/loss – demographic assumptions	**(1,497)**	9,523
Benefit obligation at 31 December	**106,825**	162,409

Reconciliation of plan assets	**2022**	2021
	£'000	£'000
Fair value of plan assets at 1 January	**177,160**	180,972
Interest income	**3,225**	2,667
Expenses paid	**(360)**	(360)
Employer contributions	**-**	-
Benefits paid	**(5,366)**	(6,145)
Return on plan assets	**(53,159)**	26
Fair value of plan assets at 31 December	**121,500**	177,160

Notes to the financial statements for the year ended 31 December 2022

23 Pension schemes (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in defined benefit obligation**	**Decrease in defined benefit obligation**
Discount rate	+/- 0.1%	-1.3%	+1.3%
Inflation rate	+/- 0.1%	+1.2%	-1.2%
Life expectancy	1 year increase/(decrease)	+3.7%	-3.7%

The above sensitivity analyses are based on a change in an assumption while holding other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The impact of the change in sensitivities is broadly linear and therefore the magnitude of changes can be computed from the above.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Defined benefit scheme regular income recognised in profit or loss:	**2022**	2021
	£'000	£'000
Interest income	**(270)**	(378)
	(270)	(378)

Expenditure/(income) recognised in the income statement	**2022**	2021
	£'000	£'000
Defined benefit scheme finance income	**(270)**	(378)
Past service credit net of associated expenses	**-**	-
Scheme administration costs	**360**	360
Total defined benefit pension scheme cost/(income)	**90**	(18)
Defined contribution scheme contributions	**2,112**	2,127
Total pension costs	**2,202**	2,109

*The company expects to contribute £- to the Scheme funding during 2023 (with additional contributions being required in respect of expenses).

23 Pension schemes (continued)

Fair value of the plan assets was:	**2022**	2021
	£'000	£'000
Bonds	**68,041**	121,158
Cash	**2,088**	3,797
Other	**51,371**	52,205
Total fair value of plan assets	**121,500**	177,160
Benefit obligation	**(106,825)**	(162,409)
Fair value of plan surplus at 31 December	**14,675**	14,751

Scheme assets do not include any of the company's own financial instruments or any property occupied by the company.

The actual loss on the plan assets was: £49,934,000 (2021: return of £2,693,000).

An amount of £- (2021: £-) is included in creditors, which represents outstanding contributions to the defined contribution schemes. There are expected to be £- contributions to the defined benefit scheme for the coming financial year, as per the Schedule of Contributions signed 21 December 2022.

The pension scheme surplus is recognised on the basis that the scheme's trust deed and rules provide the company with an unconditional right to realise the surplus arising in the Scheme.

24 Capital commitments

	2022	2021
	£'000	£'000
Contracted but not provided:		
- Property, Plant & Equipment	**468**	1,064
- Intangible assets (Software)	**51**	194
Total capital commitments	**519**	1,258

25 Ultimate parent undertaking and controlling party

The immediate parent company is Loomis Holding UK Limited, a UK registered company, and the ultimate parent undertaking is Loomis AB, a company registered in Sweden. Loomis AB is the ultimate controlling party of the company.

The largest and smallest group in which the financial statements of the company are consolidated is Loomis AB, the address of which is disclosed below.

Copies of Loomis AB consolidated financial statements may be obtained from:
Loomis AB
P.O. Box 702
SE-101 33 Stockholm
Sweden.

26 Post balance sheet events

An at-retirement Pension Increase Exchange Option was introduced in 2023 for deferred members of the defined benefit scheme. This will lead to a recognition of a past service credit of £500,000 in the 31 December 2023 Company's income statement.

On the 29^{th} June 2023 Loomis UK Limited issued a further 40,169 shares at a price of £186.71 per share to its only shareholder, Loomis Holding UK Limited. A total of £7,499,953.99 was paid in respect of the issuance. These funds have since been used to reduce the overdraft position of Loomis UK Limited. Immediately upon the issuance of the shares, a capital reduction exercise was performed to convert the newly issued share capital and share premium to distributable reserves.

The Nottingham transport branch was closed as part of a small restructure on the 12^{th} August 2023. As part of this restructure small changes were also made to some head office departments.

The directors note that these are non-adjusting post balance sheet events and as such, no adjustments have been made to the financial statements as at 31 December 2022 on this basis.