



SECURING YOUR WORLD



G4S is the world's leading global, integrated security company specialising in the delivery of security and related services to customers across six continents.

Our strategy addresses the positive, long-term demand for our services and we combine our global scale and expertise with a deep understanding of our customers' needs to design and deliver innovative, industry-leading services that protect, and add value for, our customers' organisations.

We differentiate the G4S brand by investing in customer relationships, innovation, and operational and service excellence, all of which are underpinned by our people and our values.

Our investment proposition is to provide shareholders with long-term growth in earnings, cash flow and dividends.

SECURING YOUR WORLD

FINANCIAL HIGHLIGHTS

(see notes below)

Underlying revenue

£6.4bn

(2014 restated: £6.2bn)

Underlying PBITA

£427m

(2014 restated: £404m)

Underlying EPS

14.7p

(2014 restated: 12.9p)

Statutory revenue

£6.9bn

(2014 restated: £6.9bn)

Statutory PBITA

£391m

(2014 restated: £397m)

Statutory EPS

0.5p

(2014 restated: 9.4p)

Underlying operating cash flow

£460m

(2014 restated: £528m)

Dividend per share

9.41p

(2014: 9.24p)

Notes:

1. Underlying results exclude businesses held for sale or closure and 2014 comparatives are shown at 2015 average exchange rates, other than for operating cash flow which is shown at 2014 average rates. See page 97 for basis of preparation and page 98 for a reconciliation to statutory results.
2. The basis of preparation of statutory results is given on page 120.
3. For details of prior year adjustments see page 98.

Cover image: International Gem Tower; New York

CHIEF
EXECUTIVE'S
REVIEW

6

MULTIPLE
SOURCES
OF VALUE

16

GROWTH

INNOVATION





OUR PEOPLE AND VALUES

18

STRATEGIC REPORT

This is an integrated report, combining our annual report and accounts with our core corporate social responsibility approach. This reflects the fact that our corporate values influence every aspect of our culture and day-to-day business activity and recognises that sustainability strategies are best achieved when integrated into business practices.

The strategic report is set out within the Strategy and Business review on pages 4 to 54 and the Chief Financial Officer's review on pages 96 to 105.

Overview

Financial highlights	IFC
G4S at a glance	2
Chairman's statement	4

Strategy & Business Review

Chief Executive Officer's review	6
Strategy and performance	10
Business model	12
Market growth drivers	14
Our strategy	16
Strategy in action – case studies	30
Regional and service line review	38
Risk management	46

GOVERNANCE

Ensuring that good governance is achieved throughout G4S is vital for the delivery of long term sustainable value for shareholders and for all the group's stakeholders.

Chairman's introduction	55
Board of directors	56
Executive committee	58
Corporate governance report	60
Audit committee report	68
Directors' remuneration report	74
Directors' report	91
Directors' responsibilities	95

FINANCIAL REPORT

Chief Financial Officer's review	96
Independent auditor's report	106
Consolidated income statement	116
Consolidated statement of comprehensive income	117
Consolidated statement of financial position	118
Consolidated statement of cash flow	119
Notes to the consolidated financial statements	120
Parent company statement of changes in equity	189
Parent company statement of financial position	190
Notes to the parent company financial statements	191

Shareholder information

CSR performance in 2015	202
Group financial record	204
Shareholder information	IBC



Visit: www.g4s.com for more information

G4S AT A GLANCE

G4S plays an important role in society – our 610,000* employees deliver services that create a safer and better environment in which millions of people live and work. The breadth of our services and geographic coverage provides both resilience and growth opportunities. For a more detailed discussion of the security market growth drivers see page 14.

SECURE SOLUTIONS

Security and facilities management (FM) services

Security and facilities management (FM) services is by far the largest business segment in G4S, representing 58% of group revenues. The 84 markets in which we provide these services are usually highly fragmented. Our competitors are typically smaller local and regional companies, although we do compete with international companies in some countries and in some markets we compete with facilities management companies. Competition is intense in manned security and FM and customers can be extremely price sensitive.

We position G4S as a high quality, global security service provider with the skills, expertise and market coverage to offer our customers integrated, cost effective and innovative security solutions that protect or add value to their organisations.

We differentiate the G4S brand by investing in service innovation, employee selection, training, supervision, service delivery and customer service and relationship management.

Our manned security customer base is a valuable intangible asset. We have historically had little cross-selling in our secure solutions business segment and an important long-term element of our strategy is to offer our broad range of services on a stand-alone basis or in conjunction with other services to provide customers with an integrated and more valuable security solution – see the case study and chart on pages 30 and 31. This offers the opportunity to increase customer longevity and grow our margins. We have begun to improve our cross-selling in the USA, UK, Middle East and Europe and will continue to focus on this in 2016 and into the future.

Security systems and technology

Security systems and technology represented around 8% of group revenue in 2015.

The global security systems market is a large and growing market, but regional markets vary widely in terms of competition, products and services sold and customer segments. Our technology strategy seeks to market core products and services that are increasingly developed globally and configured locally to meet each region's unique requirements.

In our security systems service line we compete against fire and alarm system manufacturers, installers and security systems integrators.

We promote outsourcing and enhance the value of traditional security services through greater use of technology (see page 23).

Market and strategy

Services

The secure solutions business covers a wide range of services, including:

Risk services and consultancy

Monitoring and response

Secure facilities management services

Manned and mobile security services

Security systems and technology includes:

Security installation and maintenance – CCTV and video and image analytics software, advanced access control systems

System software and integration – RISK360, GIS, TravelAware

Revenue (underlying)

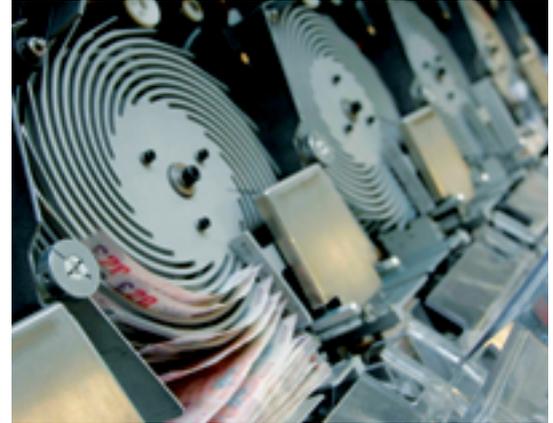
£3,752m
(2014 restated: £3,548m)

58%

£506m 8%
(2014 restated: £482m)

* Includes 44,000 employees in businesses to be sold or exited.

G4S areas of operation



CASH SOLUTIONS

Care and justice services

Care and justice services represented around 9% of group revenue in 2015. The market structure is typically consolidated on the supply side with a small number of providers. Larger companies are usually better equipped to deliver such highly specialised services. G4S will only offer custody and detention services where we can maintain a qualified talent pool and where the political, legal, human rights and regulatory framework is consistent with our group values and results in acceptable operational, commercial and reputational risk.

G4S's larger scale care and justice services are concentrated primarily in the UK and Australia, and on a smaller scale in a number of European markets. For more detail see page 34.

Care and justice services offers highly specialised services to central and local governments and government agencies and authorities:

- Adult custody and rehabilitation
- Prisoner escorting
- Immigration services
- Electronic monitoring

£557m **9%**

(2014 restated: £587m)

Specialist outsourced services

Based mainly in the UK, G4S offers a range of outsourcing services, which together accounted for around 11% of group revenues in 2015. These services include back office support and custody suites to UK police forces and utility services (data collection and smart meter programmes). We also manage welfare to work programmes in the UK and to date have helped 58,000 people find employment. These are specialist services and there tend to be just a small number of private companies providing similar services in the UK.

We aim to offer innovative and cost-effective solutions to customers, leveraging our scale and expertise.

Specialist services include:

- Police services
- Employment services
- Utility services
- Secure health services

£738m **11%**

(2014: £698m)

Cash solutions & secure logistics

The cash solutions business accounted for around 14% of group revenue in 2015. We are the market leader or number two in 43 of our 48 cash solutions markets. The main providers of similar services are a small number of international competitors in mainly developed markets. Wherever possible our cash solutions business shares facilities and back office processes with our secure solutions businesses. The market is highly regulated, often by central banks, and the business requires complex infrastructure and significant expertise. Our strategy assumes that digital payment technology will continue to grow in developed markets and gain traction in emerging markets in the medium term. For more information see page 32.

We aim to:

- position G4S as a reliable, innovative low cost operator that helps our customers to reduce their cash handling costs and increase the ease of use of cash for their customers
- play a key role in the management of the cash cycle on behalf of central banks, commercial banks and retailers, allowing them to focus on their core business
- use our developed market cash cycle expertise and track record to encourage central bank and financial institution outsourcing in emerging markets
- continue the expansion of innovative technology such as CASH360™/ Retail Solutions for retail customers (see page 32).

The cash solutions business covers a wide range of services including:

- Cash management outsourcing
- Cash consulting
- ATM management
- Retail cash management (CASH360™) / Retail Solutions
- International transportation

£880m **14%**

(2014: £872m)



John Connolly
Chairman

GOOD PROGRESS IN CHALLENGING MARKETS

“2015 has brought both good progress as well as new challenges. It has been pleasing to see that the strategy which the new management team developed towards the end of 2013 and began to implement in 2014 has been progressing still further over the last 12 months, with solid growth and improved productivity.”

The year under review

2015 has brought both good progress as well as new challenges. It has been pleasing to see that the strategy which the new management team developed towards the end of 2013 and began to implement in 2014 has been progressing well over the last 12 months, with solid growth and improved productivity. The strong focus on investing in resources where they can be most productive is clearly reflected in the progress with the portfolio rationalisation and better processes to ensure the returns and risks associated with prospective investments and contracts are well understood. Our chief executive, Ashley Almanza, comments on all these matters in further detail elsewhere in this report.

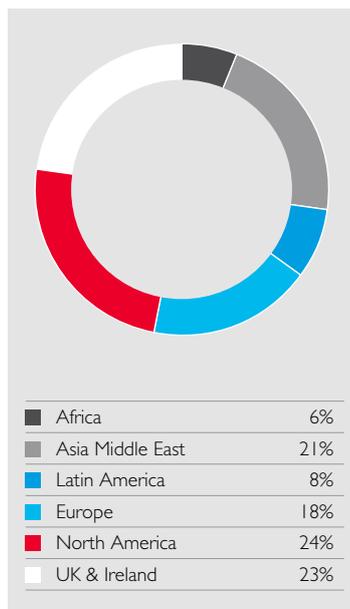
The corporate renewal process agreed with the UK Government, on which I commented in my statement last year, has been implemented and much has been done to reinforce the values that underpin the performance of the essential services which the group provides.

Our colleagues work in challenging environments and deliver good services, often in the public eye. We have high expectations of them to do their very best for our customers and to conduct themselves in a way which is in line with the group's values and standards. Regrettably, there are some occasions when our standards have not been met. In those cases, the board is satisfied that management has taken prompt action to adapt our processes and our oversight mechanisms. Further information about how we have addressed some of these issues is available in our CSR Report.

Sadly, 46 of our colleagues lost their lives in the course of their duties in 2015. The board will continue to support fully the strenuous efforts which are being made around the group to ensure that all our employees enjoy the safest possible working environment.

The board has welcomed the further progress in developing the management structure for the group's businesses around the world and in recruiting high quality and experienced people to run these businesses.

Revenue by region in 2015



The macro-economic environment remains difficult and in some parts of the world has become more challenging. I am heartened though to see real progress in all the important strands of the group's strategy and across the very considerable range of the businesses that make up the group.

The board

The board has undergone further change during the year and it is important that we continue to refresh the board's capabilities, expertise and experience so that it can support and challenge management in the most effective way.

As announced previously, Grahame Gibson stood down from the board in June 2015. He made a great contribution to the group throughout his career and the board wishes him well in his retirement.

As also announced previously, Mark Seligman, a non-executive director, also stood down from the board, having served for nine years since he was first elected. Mark had handed over his role as chairman of the Audit Committee to Tim Weller prior to his departure and so Tim has overseen the change to our new external auditor, PwC, who were appointed during the year following shareholder approval. Again, I would like to record the board's gratitude to Mark for his very valuable contribution to the board.

John Daly was appointed to the board in June 2015 and serves on both the Audit and Remuneration Committees. John has great experience in many of the markets in which the group operates; having held senior executive positions in Europe, the Middle East and Asia over some 20 years.

Mark Elliott is our Senior Independent Director; Remuneration Committee chairman and is a member of our Nomination Committee. He has also been a director now since 2006 and so will be retiring from the board this year since his length of service means that he will no longer be considered independent under

UK corporate governance guidelines. In addition, Adam Crozier has decided not to seek re-election to the board this year.

Since Mark's and Adam's departures leave a number of roles to fill, and because the Nomination Committee would like to broaden further the range of expertise available to the board, an exercise has begun to recruit two new non-executive directors. We have also announced that John Daly will take on the role of Remuneration Committee chairman following Mark Elliott's retirement from the board.

I would like to thank Mark and Adam for their outstanding service to the board throughout their time with the company and I would particularly like to thank Mark for the support he has given me throughout my time as chairman.

I believe the current planned changes will result in a board with a broad spectrum of skills and a diversity of experience and background which reflects the wide range of geographies and cultures which makes up this group.

Financial performance

The progress made in 2015 was reflected in the group's underlying financial performance.

Revenue growth was 4% overall, and that growth, combined with the success of restructuring and efficiency programmes, saw underlying operating profit increase by 5.7% and underlying earnings increase by 14%.

Management has continued to tackle a number of legacy issues effectively, including onerous contracts in the UK and accounting issues in certain businesses. The effect of these legacy issues is reflected in the onerous contract provisions and the prior year restatement of certain items. This is covered in more detail in the CFO's review on pages 96 to 105.

The board has confidence in the group's performance and prospects and the directors propose a final dividend of 5.82p (DKK 0.5615) per share, payable on 10 June 2016.

With an interim dividend of 3.59p (DKK 0.3793) per share paid on 16 October 2015, the total dividend for the year will amount to 9.41p per share (2014: 9.24p per share), an increase of 1.8%.

Our people

The progress which has been achieved over the last year came about as a result of the efforts of the group's management and employees. They provide vital services for the group's customers in what can sometimes be challenging circumstances and I would like to express my thanks for their continuing hard work and dedication.

John Connolly
Chairman

“The progress which has been achieved over the last year came about as a result of the efforts of the group's management and employees. They provide vital services for the group's customers in what can sometimes be challenging circumstances and I would like to express my thanks for their continuing hard work and dedication.”

SECURING YOUR WORLD



Ashley Almanza
Group Chief Executive Officer

“During 2015 we made substantial progress with the strategic and operational transformation of G4S. Our portfolio management programme combined with our investment in sales, innovation and re-structuring is reflected in the results of our underlying operations where the group's revenues rose by 4% and earnings rose by 14%.”

14%

Increase in underlying earnings in 2015

Strategy – transforming G4S

In November 2013 we set out our strategy to transform G4S and build a business capable of delivering sustainable, profitable growth. During 2015 we made substantial progress implementing this strategy and the G4S group now has three distinct components:

- Businesses sold or to be sold or closed under the portfolio programme;
- Legacy contracts to be managed to an effective conclusion; and
- Continuing businesses, which are making tangible strategic, operational and financial progress as we implement G4S's strategy.

The first two components do not form part of the long-term future of G4S, whereas the continuing businesses form the core of G4S today and in the future. Each of these components of the group is described in further detail below.

Businesses sold or to be sold or closed – portfolio programme

In November 2013 we announced the start of a portfolio review programme, the aim of which

was to improve the strategic focus and performance of the group.

Since 2013, we have sold or are exiting 61 businesses, with aggregate revenues of around £1.2 billion and pre-tax losses of £30 million. We have completed the sale or closure of 23 businesses and raised £281 million in disposal proceeds. Since 31 December 2015 we have identified a further four businesses to be sold, with aggregate revenues of around £400 million.

The implementation of our portfolio programme is fundamentally changing the shape of G4S, improving the strategic, commercial and operational focus and strengthening the financial position and performance of our continuing businesses.

Legacy contracts

Between 2005 and 2012, G4S entered into a number of multi-year contracts which contained obligations, terms and conditions that make these contracts inherently unprofitable for G4S. Virtually all of these relate to UK public service contracts. In addition, we have invested substantial time, resource and capital in the corporate renewal programme

which we agreed with the UK Government following the overbilling for services under the UK Electronic Monitoring contract.

Since 2013 we have set aside around £250 million to cover the cost of legacy contracts, including the UK Electronic Monitoring contract, of which around £150 million has been paid to date. We have also identified a contingent liability of £57 million relating to the UK Compass contract, should the contract be extended to August 2019.

Managing these contracts to an effective and efficient conclusion remains an important element of our business plan. Over the next two to four years we expect this to become significantly less important as these contracts come to an end. In the meantime we have materially strengthened controls over the approval of major contracts to prevent such contracts from being signed in future.

Continuing businesses

We continue to make substantial investments in these businesses and in 2015 we saw these investments producing tangible strategic, operational and financial benefits. It is important to recognise that we have much further to go to realise the full potential of our strategy.

Our investment in continuing businesses is focused on a number of key strategic priorities which are described below and set out in more detail on pages 16 to 35:

- Investing in people and values
- Investing in growth and innovation
- Investing in customer relationships and service excellence
- Investing in operational excellence financial discipline

People and values: Our people and values are critical to the successful execution of our strategy. We are strengthening our organisation by investing in talent via recruitment, internal development, promotion and training.

In 2015 we undertook a global employee survey and were delighted that 449,000 colleagues took the opportunity to provide us with their feedback on working for G4S. Around 80% of participating employees provided favourable scores, confirming that they would recommend G4S as an employer. Whilst these are comparatively good results, we have no room for complacency and the survey provides us with invaluable information which we can use to actively engage with our colleagues across the group. I am grateful to each and every colleague who contributed to this important work in 2015.

Effective 1 January 2016, we created two new regions – Asia Pacific and Middle East & India (replacing Asia Middle East) which brings additional executive resource and focus to these important markets. To lead these regions we made two new appointments to the group executive team: Claude Allain joined our executive team in January 2016 and took up the position of Regional President for the Middle East and India region, based in Dubai. Claude has a strong and proven track record working in global service and technology businesses (see biographical details on page 58). Jon Corner was appointed as Regional President for Asia Pacific, based in Hong Kong. Jon was formerly Commercial Director, Asia Middle East and has extensive business experience in the Asia Pacific region (see biographical details on page 58).



See page 10
for our strategy
update



See page 18
for our people
and values

In 2015, we welcomed Jenni Myles to the group executive team as group HR Director (biographical details page 59). Mel Brooks, already a member of the executive team, was appointed as Regional President for Africa.

At the end of 2015, Jesus Rosano moved from his role as COO of our Latin America region, to join the group executive committee in the role of Group Commercial & Strategy Director.

We have a stronger senior leadership team in place across the group and we are better placed to achieve our strategic goals in the coming years.

At the start of 2016 we launched our new group values. These values are the standards we set for ourselves and through our behaviours and actions, we are working to embed them in the culture of our organisation. These values help us to retain and attract employees and to meet and exceed our customers' expectations. They are vital to the long term success of G4S and are described in further detail on page 19.

We re-launched our 'Speak Out' service for employees to raise any concerns they have about conduct which is inconsistent with our values. Recent events at our UK Medway facility underline the importance of this on-going programme.

Growth and Innovation: Against a backdrop of macro-economic volatility and challenging trading conditions in some of our markets, demand for our services remained resilient and we won new contracts with an annual value of over £1.3 billion and total contract value of £2.4 billion. At the same time, we replenished our pipeline which now has an annual value of £5.7 billion.

We sustained average contract retention rates of around 90%, although lower volumes drawn under contracts in some markets

have partially offset the positive impact of new contracts. In the current economic environment we expect demand for our services to grow by around 4-6% per annum over the medium term.

We continued to invest in product and service innovation and made substantial progress with services such as Symmetry (access control system), Symmetry-Connect (visitor management), CASH360™ and Deposita (cash management). New services in these areas of our business are gaining commercial traction in the marketplace, both as stand-alone and integrated offerings and we are excited about the potential to grow these services over the coming years.

Customer relationships and service excellence: During 2015 we continued to invest in progressively embedding a rigorous approach to sales operations, strategic account management and customer service management. We use a standard sales management tool, Salesforce, across the group and this has improved the visibility and management of our sales pipeline. We have also adopted a Net Promoter Score model to measure and respond to customer satisfaction scores. Alongside these measures we continue to invest in strategic account managers to ensure that we anticipate and serve our customers' needs.

Operational excellence: We continued to invest in improving our efficiency through the execution of our restructuring and productivity programmes and the positive effects of this are reflected in the group's commercial, operational and financial performance for 2015. We expect to extract further benefits in 2016.

Health & Safety: The safety and wellbeing of our employees and those in our care is a key priority for the group executive team and the global leadership team. Our goal

is zero harm and to achieve that we are striving to ensure that each and every employee at G4S understands and complies with safe and secure working practices. We work in an inherently hazardous industry: many of our colleagues travel extensively and many are trained to protect our customers and their property. As a result, road traffic accidents and criminal attacks are inherent risks we face in delivering some of our services. We have therefore invested in considerable improvements to our health and safety policies, practices, training and resources across the group. Whilst we have made progress in these areas, we remain dissatisfied with safety performance in some parts of the company and I regret to report that 46 colleagues lost their lives in the line of duty in 2015. We pay tribute to the courage and service of colleagues who lost their lives and we remain whole-heartedly committed to our goal of zero harm.

Financial discipline: We have strengthened capital investment processes and we are applying capital with greater consistency and rigour.

Our working capital processes are improving, but this remains an area where much greater consistency and discipline is required. Our management of this area fell short of our standards in the final quarter of 2015 and this is a key priority for our finance and line management teams in 2016. To that end we have increased the weighting of operating cash flow in our annual incentive plans.

Underlying performance

Revenue growth was positive in all regions apart from the UK, where our revenues fell by 3% reflecting the loss of a cash services contract in the retail sector and the UK Electronic Monitoring contract in 2014. Compared with 2014, our revenues grew by 8.6% in emerging

markets and by 5.8% in North America, whilst our business in Europe returned to growth with a 2.6% increase in revenues. Overall group revenues increased by 4%.

Underlying PBITA (profit before interest, tax and amortisation) of £427 million was 5.7% higher than 2014, which reflects revenue growth, operational gearing, and the benefits of our restructuring and productivity programmes. Underlying earnings and EPS increased 14% to £227 million and 14.7p respectively.

Cash flow from operating businesses was £460 million, down by 13% on last year mainly due to a £69 million increase in working capital in 2015, related to revenue growth and the transition to a shared service centre, which reversed in the first two months of 2016.

Although the group made good progress on an underlying basis, our statutory earnings of £8 million were adversely impacted by a number of significant factors described below:

Onerous contracts: as described above, the group continued to incur significant costs in relation to legacy contracts and we provided a further £65 million, principally in relation to the Compass contract with the UK Government (asylum seeker accommodation) and a UK PFI contract (NHS).

Goodwill impairment: a net charge of £66 million in relation to businesses acquired prior to 2013 and businesses expected to be sold or closed.

Exchange rates: the sterling value of emerging market revenues (around one-third of group revenues) was adversely affected by the sharp falls in many emerging market currencies and this reduced our statutory PBITA.

During the year, we continued to invest in restructuring programmes which improved the competitiveness

of some of our key businesses by reducing their cost structures. These programmes have payback periods of 12-36 months and deliver attractive double-digit returns. The cost of these programmes (2015: £44 million (2014: £29 million)) is excluded from underlying results.

The board is recommending that the final dividend is maintained at 5.82p per share (DKK 0.5615), bringing the total dividend for the full year to 9.41p per share, a 1.8% increase.

Outlook: Against a backdrop of global economic uncertainty, demand for our services remained resilient and growth accelerated in the second half of 2015, providing good support for further operating and financial progress in 2016. In the current economic environment we expect medium term demand for our services to grow by around 4-6% per annum.

Finally, I would like to thank all of our colleagues across the world whose expertise and dedication to our customers and our group is reflected in the substantial progress made by G4S in 2015.

Ashley Almanza
Group Chief Executive Officer



Watch the CEO Review online at: www.g4s.com/investors

STRATEGY AND PERFORMANCE

G4S is the world's leading global, integrated security company specialising in the delivery of security and related services to customers across six continents.

Our strategy addresses the positive, long-term demand for our services and we differentiate the G4S brand through our values and by investing in our customers, our people and our services. We build valuable, long-term relationships with our customers by combining a deep understanding of their businesses with our expertise in designing and delivering industry-leading, innovative services that protect and create value for their organisations.

Our strategic priorities are: investing in people, customers, service innovation and growth, operational and service excellence and disciplined financial management.

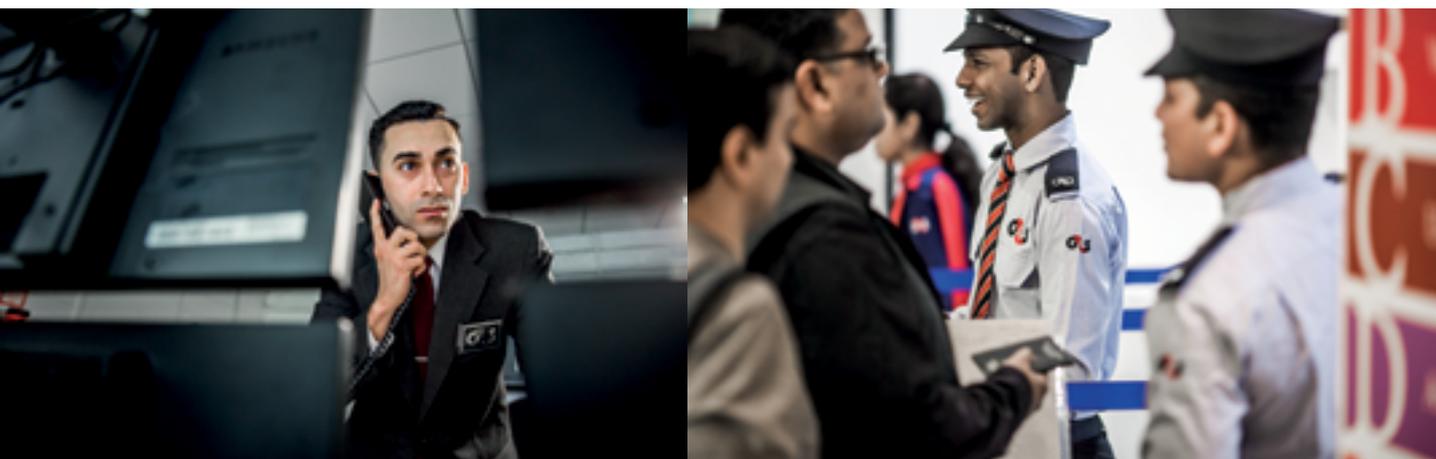
Our investment proposition is to provide shareholders with sustainable, long-term growth in earnings, cash flow and dividends.

* For a full description of the group's principal risks, please see pages 48 to 54.

** The group has a number of performance measures together with its financial key performance indicators (KPIs). A more detailed description of the financial KPIs and their 2015 performance is on page 36 and 37.



OUR STRATEGY	STRATEGIC PRIORITY
We recruit, develop and deploy the best people in our industry	Investing in people
We build long-term customer relationships based upon trust and understanding of our customers' business and objectives	Investing in customers
We design, market and deliver innovative, industry-leading services and solutions that protect and create value for our customers wherever they operate	Investing in growth and innovation
We provide our clients with an outstanding service experience	Investing in service excellence
We have secure, safe, reliable and efficient operations	Investing in operational excellence
We manage risk effectively and ensure we have profitable, cash generative services	Financial discipline including portfolio management



COMPETITIVE ADVANTAGE

- Brand
- Scale and breadth of business
- Investment in selection, training, support and development
- Recognition, incentives and rewards

- Sector expertise
- Skilled account managers
- Account and relationship management

- Sector expertise
- Investment in service innovation
- Technology centres of excellence
- Investment in sales and business development
- Scale and breadth of market and service coverage

- Investment in training, supervision and development
- Investment in systems and technology
- Skilled account managers
- Investment in account and relationship management

- Investing in best in class operating and safety standards
- Subject matter experts in operations, security and safety
- Investment in systems and technology
- Investment in global procurement
- Investment in restructuring and lean process design

- Standardised risk and contract assessment
- Investment in skills and expertise
- Investment in contract management capability
- Investment in systems and technology

KEY RISKS*

- Our trained and skilled people are hired by competitors or other businesses (see Principal risks: People page 50)

- Failure to understand customers changing needs
- Loss of customers (see Principal risks: Growth strategy page 52)

- Our service design fails to create adequate value for our customers
- Failure to market or deliver services effectively (see Principal risks: Delivery of core service lines page 51 and Growth strategy page 52)

- Our service falls short of customer expectations (see Principal risks: Delivery of core service lines page 51 and Major contracts page 51)

- Failure to comply with standards
- Loss of expertise
- Investment fails to deliver benefits

- Failure to comply with group standards
- Inefficient capital management
- Failure to realise expected value for disposals
- See Principal risks: Major contracts page 51

PROGRESS, PERFORMANCE MEASURES & KPIS **

- 130 new senior appointments
- New leadership, operations and sales training programmes
- Recruitment and retention

- Customer retention 90%+
- Contract retention 90%+

- Growing, diversified pipeline
- Won new work of £1.3bn annual contract value (£2.4bn total contract value) in 2015
- New services and solutions launched
- Integrated service offering
- Global account wins / growth
- Underlying revenue growth of 4.0%

- Established customer satisfaction programmes
- Effective account management
- Improving Net Promoter Score
- Retention 90%+

- Strengthened safety policies and resources
- Successful implementation of major restructuring programmes
- Lost time incidents
- Zero harm

- Group-wide capital allocation and efficiency
- Focused working capital management
- Major, accretive portfolio changes
- Earnings per share (see page 37)
- Operating cash flow (see page 37)

DELIVERING SUSTAINABLE VALUE

Our strategy addresses the positive long-term demand for our services and our strategic priorities are the safety and security of our customers and our people, sustainable growth, productivity and disciplined financial management. Our business model is how we execute that strategy through providing a broad range of security products and services (as outlined on pages 2 and 3) and through our six regions* covering around 85* countries.

SERVICES AND ORGANISATION

POSITIVE, LONG-TERM DEMAND FOR OUR SERVICES

With our global footprint, we have a strong understanding of security market trends. The security outlook around the world is generally becoming more challenging, creating positive demand for our core services around the world. The increasingly challenging economic outlook in emerging markets presents both opportunities and challenges for the group. See page 14 for a more detailed discussion of some of the market growth drivers.

VALUES

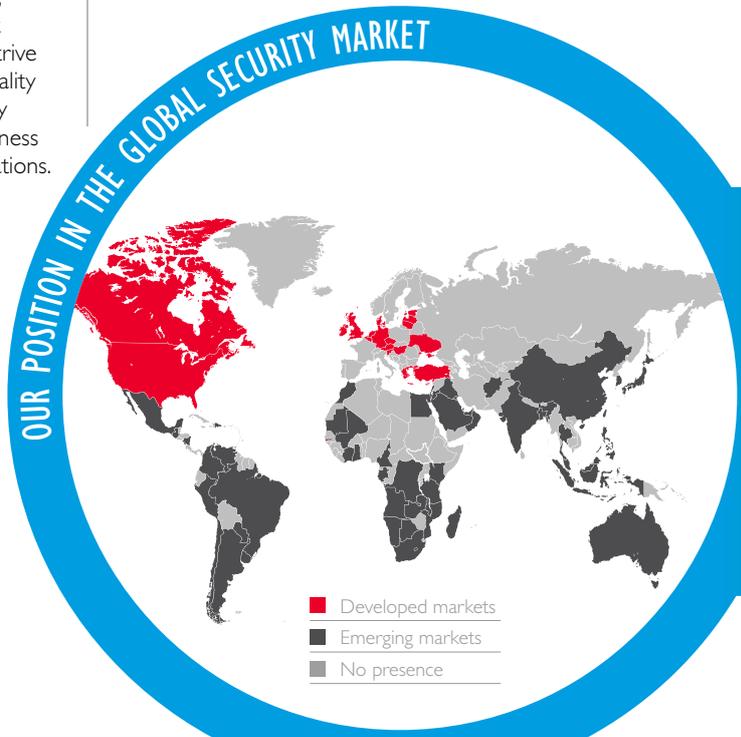
The group values underpin what we do and are discussed in more detail on page 19. In addition, we work in line with relevant international standards and strive to achieve consistent high quality engagement, health and safety performance and ethical business practices across all our operations.

BRAND AND HERITAGE

We believe that the G4S brand and our heritage as a security company for over 100 years is a strong differentiator with customers.

SCALE AND CAPABILITIES

We are a global business with many years of experience and expertise in the security industry. We recruit, screen and deploy over 150,000 new people each year and deliver efficient services to many thousands of customers. With 566,000* dedicated employees and operations in around 85* countries, our ability to deploy skilled staff on a global basis to support local and international customers is central to our business model. This coverage means we can share learning and experiences across our markets to the benefit of our customers and our business.



OUR REGIONS

North America

24%

Revenue

① ② ③ ⑤

UK & Ireland

23%

Revenue

① ② ③ ④ ⑤

Asia Middle East*

21%

Revenue

① ② ③ ⑤

Europe

18%

Revenue

① ② ③ ⑤

Latin America

8%

Revenue

① ② ⑤

Africa

6%

Revenue

① ② ③ ⑤

Services

- ① Security and facilities management
- ② Security systems and technology
- ③ Care and justice services
- ④ Specialist outsourcing
- ⑤ Cash solutions and secure logistics

* From 1 January 2016, the Asia Middle East region was split into Asia Pacific and Middle East and India. For a detailed summary of our activities, employees and performance by region see the Business Review section on pages 39 to 45. Excludes businesses held for sale or closure in 15 countries.

STAKEHOLDER VALUE

Shareholders

Our business model addresses a positive, long-term demand outlook for our core services and seeks to deliver sustainable, profitable growth.

Employees

Our employees are critical to our service delivery and by treating our employees fairly and ensuring they have the right training and skills to undertake their roles, we can be an employer of choice.

STRATEGIC PRIORITIES

INVESTMENT IN PEOPLE

We invest in selection, training, support and development of our people. We have invested in new leadership, operations and sales training programmes and ensured we have the right recognition, incentives and rewards for performance (see page 36).

INVESTING IN CUSTOMER RELATIONSHIPS

Understanding customer needs is central to our success. This enables us to align our organisational objectives to those of our customers and means we can help our customers to be successful. See pages 2 and 3 for an overview of our service lines.

We build customer understanding through dedicated sector experts, involvement in industry bodies and academic institutions, strategic work with customers, customer service assessments and feedback. We have a broad-based contract portfolio and our contract review process is detailed on page 48.

FINANCIAL DISCIPLINE

We have a disciplined financial framework, operating a group wide contract approval process and capital rationing to ensure that we invest in those opportunities with the best risk/return ratios. We have focussed working capital management and an active portfolio management programme (see pages 27 to 29).

SAFETY AND SECURITY OF OUR CUSTOMERS AND OUR PEOPLE



GLOBAL SCALE AND EXPERTISE



DEEP CUSTOMER UNDERSTANDING

VALUES

VALUE FOR CUSTOMERS, SHAREHOLDERS AND EMPLOYEES



COST-EFFECTIVE AND INNOVATIVE SOLUTIONS

GROWTH AND INNOVATION

A key part of our business model is to grow revenues through leveraging the opportunity to design, sell and deliver more sophisticated, complex solutions in more countries to our existing customer base and to new customers. Such services tend to have longer contract terms and higher margins than manned security alone.

SERVICE EXCELLENCE

Excellent customer service is one of our core values and for the last three years we have been investing in capability, processes and performance measures to drive growth, customer retention and customer satisfaction – critical

elements of delivering sustainable profitable growth (see page 22).

OPERATIONAL EXCELLENCE

We are restructuring operations, designing lean operating processes and using technology to make our operations reliable, effective and efficient.

Having invested in a strong health and safety framework, our focus is now on the operational implementation of health and safety actions where they can have the most impact and save lives (see page 18).

GROWING DEMAND

The world is facing a series of new and diverse threats to which national governments, multilateral organisations and multinational companies will be required to respond. The uncertainty and instability created by those threats will challenge the security services industry to develop innovative and forward-thinking solutions in order to help its customers to mitigate the risks that are emerging.

What are these threats and how must G4S position itself to be of assistance to its multinational portfolio of customers around the world?

International terrorism

A new era in international terrorism began in 2001 with the attack on the World Trade Centre. The security industry has played its part in responding to this threat, adapting to the needs of governments and multilateral organisations in the conflict zones of Iraq and Afghanistan. In 2015, the armed conflict in Iraq and Syria has undermined the stability of borders and the integrity of nation states in the Middle East and North Africa. We have seen a new wave of international terrorism, requiring not just protective security, but heightened intelligence and analysis services such as those being developed by G4S (for more information see pages 30 and 31).

Mass migration

The wars in the Middle East have resulted in a massive wave of irregular migration as hundreds of thousands of people seek sanctuary. The receiving countries require far-reaching measures to secure their borders and manage migration. The maritime and ports sector in particular is being impacted by mass

migration and governments require support in the management of migrants and refugees. The attention of the world is also focused on a number of other areas where borders are disputed, or where there is international tension or armed conflict. G4S is in a position to support its government and corporate clients as they navigate these difficult geopolitical waters.

Economic stability

Besides geopolitical and strategic concerns, the global economy is subject to ever increasing interdependency between nations. Market volatility and economic instability is having far reaching consequences on national economies, with the potential for security implications in some countries, whilst strong economic growth provides opportunities in other markets such as India. As a strategic and trusted partner to its customers, G4S supports corporate customers with the full range of security solutions from traditional physical security through to risk assessment and enhanced intelligence solutions such as Risk 360 and GIS (see page 31).

Pandemic disease

The threat posed by pandemic disease is global, and international travel exacerbates the risk. The impacts of pandemics are even worse in countries that are affected by poverty. High rates of uncontrolled mass migration could potentially bring a heightened risk of the spread of disease, requiring a renewed focus on border controls and health. Economic migrants within countries are also moving increasingly to cities in a growing phenomenon seen around the world, particularly in Africa, Asia and Latin America. Governments and multinational corporations will be pressured to respond to the challenges posed by these social trends and they will require novel approaches from the security services industry. G4S already works with communities, supporting livelihoods and development, and as risks intensify this will need to increase. G4S understands the importance of Corporate Social Responsibility, respect for human rights and the promotion of local prosperity in today's interconnected world for global stability, security and the success of customers.

Early warning – Indonesia

In Indonesia we have begun work with a large forestry company to protect against squatting, illegal logging and forest fires. Our initial offering consisted of manned security which has since grown significantly following our success in working with the local villagers. Forest fires in Borneo were a global news story in 2015. We are currently working on a pilot with cameras which will provide early warning of fires, enabling crews to provide early containment of the fire and reduce the smog which created poor air quality throughout south east Asia.



Climate change

There is now broad recognition that climate change is impacting the natural environment and that nations and people around the world could face severe consequences. Nations are responding to the threat of rising sea levels with contingency plans and resilience measures. The populations of less developed countries will suffer the results of climate change worst, and many will suffer earliest. Crop cycles are changing as climatic conditions change, displacing the communities that rely on their yields or forcing them to develop other crops, and possible subjecting them to poverty. Food security in fragile economies will be impacted by these agricultural changes and this could lead to conflict for resources, particularly water. The supply chains of multinational corporations whose operations are dependent upon crops and agricultural produce will be adversely affected. This is not just a future threat: it is apparent in the world today. Governments and multinational corporations will be required to secure their food resources and supply chains, requiring innovative security solutions by companies such as G4S.

6.8%

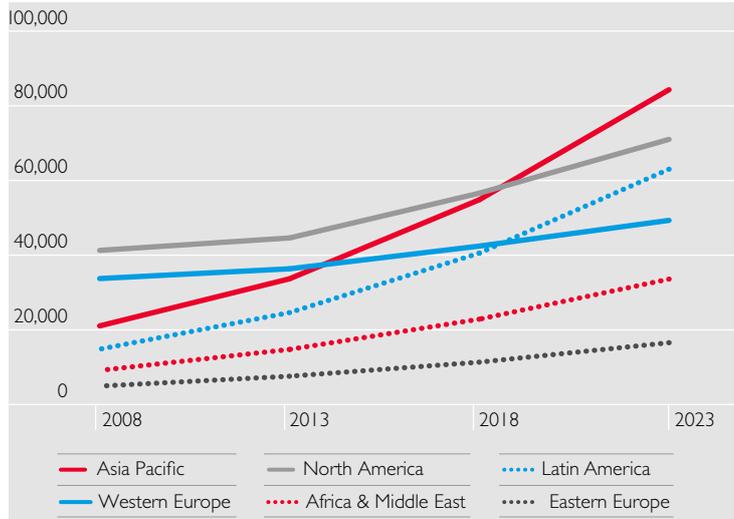
Expected market growth from 2013 to 2023 per annum

(Source: Freedonia World Security Services report November 2014, excluding residential security)



For a more detailed description of G4S products and services please see pages 2 to 3. For G4S's business model and its customer approach please see pages 12 and 13.

Global security market by region (\$m)



Source: Freedonia World Security Services report November 2014 excluding residential security.

Cyber crime

Finally, as governments and corporations become ever more reliant upon technology and the digital world, they are increasingly exposed to the threat posed by cybercrime. Cyber security is an essential feature of a company's resilience and it is required in all aspects of operations. It is estimated that 60% of cyber security breaches relate to the company itself – current and former employees, current and former service providers and

customers. G4S has expertise in delivering solutions in complex business environments and we focus on delivering a holistic security solution together with software partners across the cyber service spectrum, from physical to technological.

More than ever, governments and corporations will seek the support of companies such as G4S that can help them meet the challenges posed by these risks.

Source: G4S Risk Consulting

Dynamic Risk Assessment – UK

Dynamic risk assessment is a tool we are developing to ensure that we are on the front foot in a changing risk environment.

We engage with customers to initially risk assess their facilities and from that, agree and implement a security solution that best meets their business needs. We then deploy the Dynamic Risk Assessment tool which takes real time information from internal (e.g. incident reports) and external (e.g. crime statistics) sources and assesses on an ongoing basis if there is a change in the risk rating for the facility, and takes mitigating actions against the emerging risk immediately within parameters pre-agreed with customers.



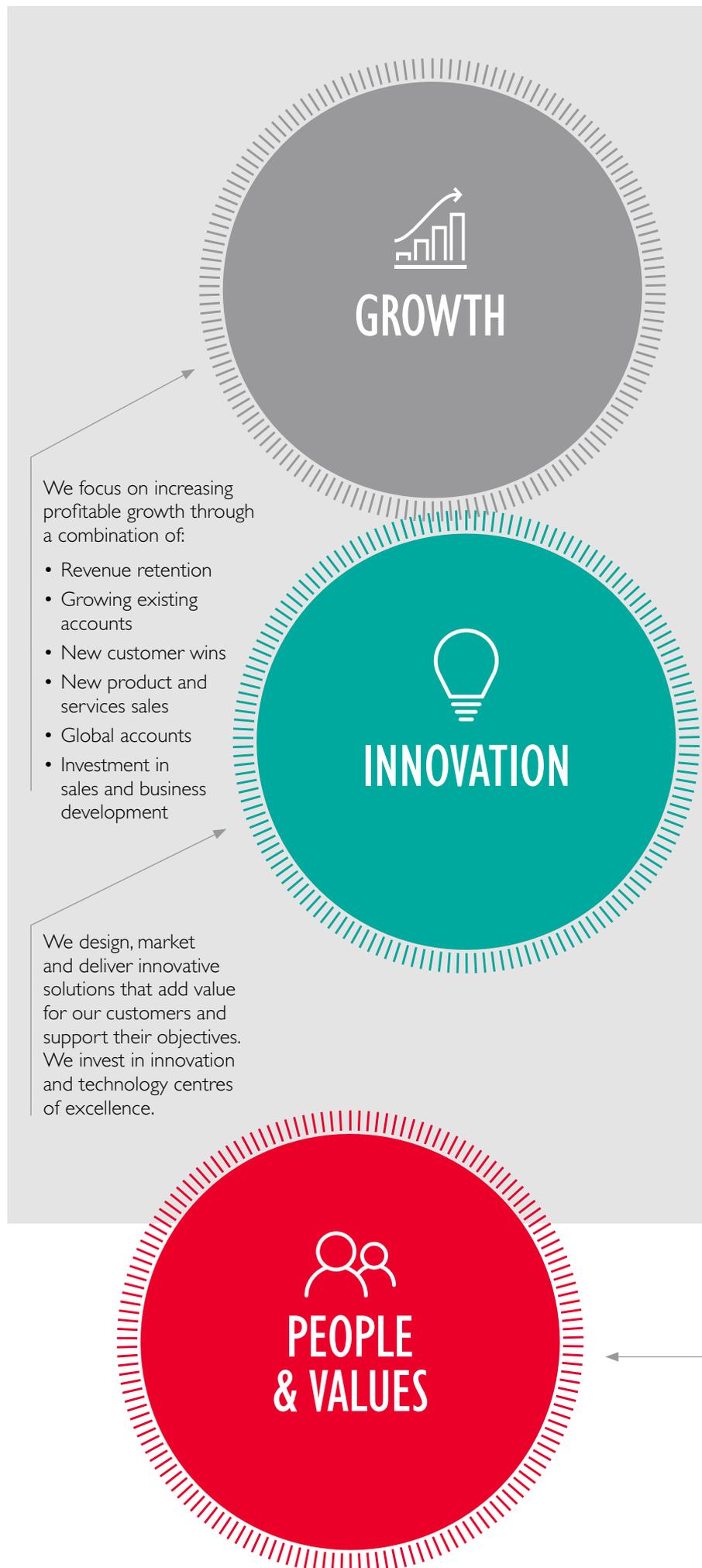
MULTIPLE SOURCES OF VALUE

During a time of great positive change for the company, we have prioritised areas that deliver real momentum and create value. We've come a long way and today we have a better, stronger business.

One of the strengths of our strategy is that there are multiple sources of value – organic opportunities to drive revenue growth and opportunities to improve PBITA margins through productivity improvements and portfolio management. Our financial and risk management processes have been strengthened and we are implementing a “cash matters” culture.



Watch our 2015 results and 2016 strategic update online at: www.g4s.com/investors





We aim to provide our customers with an outstanding service experience through:

- Investment in training and development
- Investment in systems and technology
- Skilled account managers
- Investment in account and relationship management

We aim to ensure secure, safe, reliable and efficient operations through:

- Investment in best in class operating and safety standards
- Subject matter experts: operations, security and safety
- Investment in technology, IT and procurement
- Investment in business and process restructuring

We aim to manage risk effectively and ensure we have profitable cash generative services through:

- Installing a “cash matters” culture within the organisation
- Embedding risk management within the business
- Ensuring portfolio management is a key part of capital discipline and ensures focus and performance management for the group. We divested 10 businesses in 2015 and a further five businesses in the first two months of 2016 and continue to evaluate further portfolio rationalisation.

Our employees

Our financial performance is underpinned by recruiting, developing and deploying the best people. To do this we invest in building robust recruitment, screening and vetting processes to underpin our commitment to delivering consistent service excellence and high standards of ethical and legal compliance.

Values

During 2015 we reviewed our values. Read more on page 19.

We act with...

INTEGRITY AND RESPECT

We are passionate about...

SAFETY, SECURITY AND SERVICE EXCELLENCE

We achieve this through...

INNOVATION AND TEAMWORK



OUR VALUES AND INVESTING IN PEOPLE

Our people and the group values underpin our strategic priorities. We need highly motivated and engaged employees who believe in the company, follow the group values and do their best to provide our customers with great service every day.

449,000

employees completed the 2015 employee survey, which we believe to be the largest of its kind

Health and safety

The safety of our employees and those in our care is a key priority for the group. We have made improvements to our health and safety across the business, with a particular focus on management accountability as well as accident prevention and best practice sharing including:

- Undertook health and safety leadership training with 1,000 managers
- Developed and launched a new road safety policy
- Completed six health and safety critical country reviews in countries where serious incidents occurred

It has been a challenging year and whilst the added focus on health and safety has led to a reduction in the number of fatal accidents and attacks in some regions during 2015, 46 of our colleagues lost their lives during 2015 (41 in 2014) which is unacceptable.

We will continue to invest in safety awareness and training as part of an on-going programme to evolve the safety culture of the company and achieve our aim of zero fatalities. Our approach on health and safety will focus directly on the actions of staff on the front line – resources will be re-aligned to the areas where they can have the most impact – reviewing health and safety practices at our offices, branches and customer sites and taking remedial action to address every-day breaches of our health and safety guidelines.

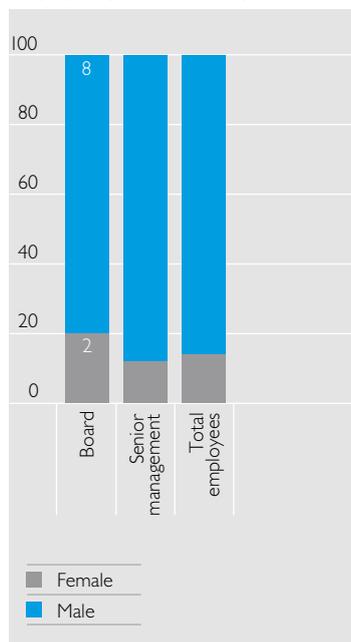
Employee engagement

During 2015, we conducted our fourth global employee engagement survey to help us assess whether we are delivering our commitments to our employees and maximising their levels of engagement. The survey, which we believe is the largest of its kind globally, was completed by 449,000 employees world-wide.

This response equates to almost three quarters of our workforce and represents an 11% increase on the last survey in 2013. The questions were based on our employee engagement model called PRIDE, which sets out how we will Protect, Respect, Involve, Develop and Engage our people. As this was the fourth global engagement survey, the results tracked improvements over time and also provided feedback from employees to new questions on the group's values. Overall the feedback was extremely positive and all questions had a favourable response rate in excess of 75%. Further details on this and an additional senior management survey can be found in the CSR report.

Both the employee and senior management surveys included questions on the group's values to establish whether these are fully understood and, whether they help shape employees' behaviour at work. From senior managers there was positive feedback about the introduction of a health and safety value in 2014 and in the wider employee engagement survey it was encouraging to see 90% of respondents confirming they know how to behave in accordance with the group's values.

Employee gender diversity in 2015 %



Talent and succession

Building a pipeline of talented future leaders remains a strategic focus for the business. As well as sourcing new talent externally to bring fresh ideas and expertise, we also strive to promote from within and develop the knowledge and capabilities of existing managers so that we retain our competitive advantage in the marketplace. In 2015, a new regional leadership programme was launched across three of the six regions. We are refreshing our induction programmes for 2016 so that new managers have a comprehensive introduction to the business, our values and the behaviours expected of them.

Reward and recognition

Our compensation and benefit strategy aims to ensure terms and conditions compare favourably with others in the sector so that we can attract and retain high calibre employees. In some countries pay rates are mandated by legislation and where they are not, but we have collective agreements in place, we will agree appropriate rates following agreement with trade union or employee representatives.

Training and development

Having employees who are well trained and know how to respond in a wide range of situations is a core human resources standard and a key customer requirement, so it was reassuring to see that in the employee engagement survey, 85% of our employees who responded indicated that they had been well trained to do their job.

Offering career progression is equally important to our employees and the extent to which the company does this was also rated positively in the global employee engagement survey (increasing from a favourable score of 78% to 80%).

Providing development opportunities means employees can realise their potential and our customers gain from an increasingly experienced and stable workforce.

Diversity and inclusion

We encourage our businesses to reach out to the widest talent pools and to ensure that any succession pipelines they develop are reflective of the diverse talent required to run a global and culturally complex organisation.

For a long time we have recognised our continuing success will be impacted by our ability to harness the great diversity of ideas and experience that exists in the business. To do this, we need to foster an inclusive working environment where employees' views are welcomed and where different perspectives are seen as vital in shaping the organisation.

Our on-line cultural training tool, available to all employees worldwide, is helping to build greater cultural understanding and make working in diverse teams easier. Developing a global mindset is a core leadership competence so the tool is utilised in the new regional leadership programme launched in 2015 to help participants explore and understand the impact of cultural differences at work.

Our efforts at building an inclusive workplace appear to be recognised by our employees who responded positively to the question about diversity in the employee engagement survey completed in 2015. Over 80% of the 449,000 respondents indicated they believe the company respects and values people from different backgrounds.



Our values

Our values are the standards we set for ourselves and they are reflected in the culture of our organisation through our behaviours and actions. They help us to attract and retain employees, to win and keep important customers and to obtain appropriate long-term investment in the group – all of which contribute to achieving our goal of achieving sustainable profitable growth.

We act with...
INTEGRITY AND RESPECT

We are passionate about...
SAFETY, SECURITY AND SERVICE EXCELLENCE

We achieve this through...
INNOVATION AND TEAMWORK

<p>Integrity and Respect Our business activities and relationships are built on trust, honesty and openness. We deliver on the promises we make and treat our colleagues, customers and those in our care with the utmost respect.</p>	<p>Safety, Security and Service Excellence We work in a safe way and take great care to protect our colleagues and customers from harm. We are experts in security and use that knowledge to protect our customers' most valuable assets. We are passionate about delivering high levels of customer service.</p>	<p>Innovation We invest in technology and best practice to continually improve our service offering. We challenge ourselves to find new ways of helping our customers.</p>	<p>Teamwork We work together as a team to achieve the best results for our customers and our business. Everyone has a valid opinion and their contribution is valued.</p>
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Ethical conduct provides customers, employees, partners and communities with the confidence that they are working with an ethical organisation. Acting with integrity across the world is a key element of our business strategy and a positive differentiator with customers.

In 2016 we will continue our commitment to building an inclusive workplace focusing on improving our gender balance and on supporting people who have complex barriers impacting their ability to secure work.

Labour relations and freedom of association

With over 30% of our employees covered by collective bargaining agreements, some of which have been in place for decades, we have experience at building trusting and constructive union relations to jointly improve the working conditions of our employees and seek to drive up standards across the industry where we can.

The Ethical Employment Partnership (EEP) agreement which was signed with the GMB union and global union UNI in 2008, continues to safeguard industrial relations stability. The agreement helps to ensure that any serious labour issues are handled in a constructive manner to prevent them escalating into disputes which may have a significant business impact.

The group is committed to respecting the rights established through the core labour conventions of the ILO (International Labour Organisation). The EEP reaffirms this commitment and provides an additional avenue for matters of concern relating to ethical practices to be aired, particularly in relation to countries where international labour laws may not be well embedded.

Business ethics and anti-bribery and corruption

Ethical conduct is not just a solution to the challenges of legal compliance, but a means of doing business which provides customers, employees, partners and communities with

the confidence that they are working with an ethical organisation. Acting with integrity across the world is a key element of our business strategy and a positive differentiator with customers.

Every year we review our business ethics policy to ensure it reflects the current business and political environment and addresses any risks which may exist. Implementation of the standards described in the policy is the responsibility of local managers. These are subject to review through our internal audit programmes and from investigations triggered by whistleblowers or colleagues raising concerns with their managers. Compliance statements are now signed by the businesses and regions on a quarterly basis.

In 2015, we implemented an upgraded global whistleblowing system and case management tool to enable us to capture information on whistleblowing cases across the group and to analyse trends and issues raised on a more systematic basis. The events at our Medway facility in 2015 underline the importance of this on-going programme. Our ethics steering group works to ensure the appropriate focus on whistleblowing and ethical behaviour across the group and makes sure that we are constantly challenging ourselves to meet the highest standards.

From time to time, concerns about the conduct of our colleagues or our business partners are brought to our attention. We take all such concerns seriously and work with internal audit and external investigators to ensure all issues raised are addressed appropriately. Information on current issues can be found in our CSR report.

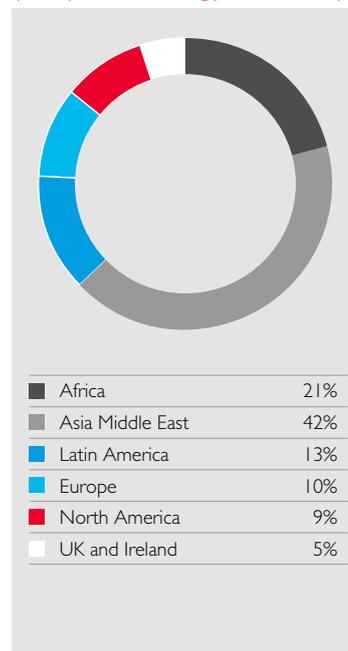
Human rights

Our human rights framework supports the continued development of an ethical and sustainable business model that encourages the improvement of standards, job creation, community support and broader beneficial impacts on societies throughout the world. The framework has been embedded across the group, along with newly-developed processes for assessing the group's human rights risks in many areas such as bidding for major contracts, entering new markets and analysing our existing countries of operation. These practices are driven by an annual assessment of human rights risks and a series of assessments and reviews in markets where risks exist.

Where risks or concerns are identified, action is taken to make sure that we put in place processes to mitigate or reduce any risk. In some cases, this means that a business or operation can be scrutinised intensely by either G4S or independent experts.

More detail on human rights risk assessment can be found in the risk management section and the group's separate CSR report.

2015 employee percentage (%)
(Group total including joint ventures)





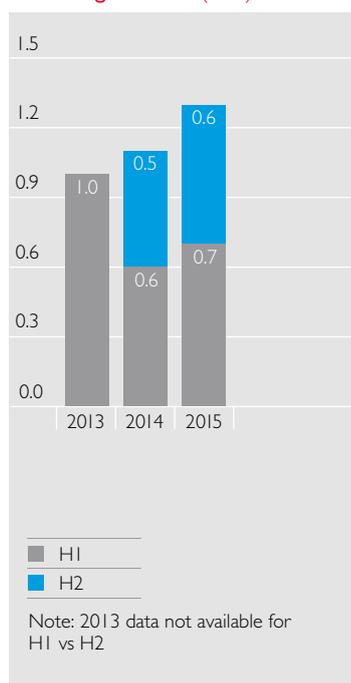
ADDRESSING THE GROWTH OPPORTUNITY

Despite an uncertain economic outlook, we believe the long-term demand for our services remains strong and we expect to grow by around 4-6% per annum. We continue to sustain contract retention rates of around 90%, have won new business and more than replenished our sales pipeline.

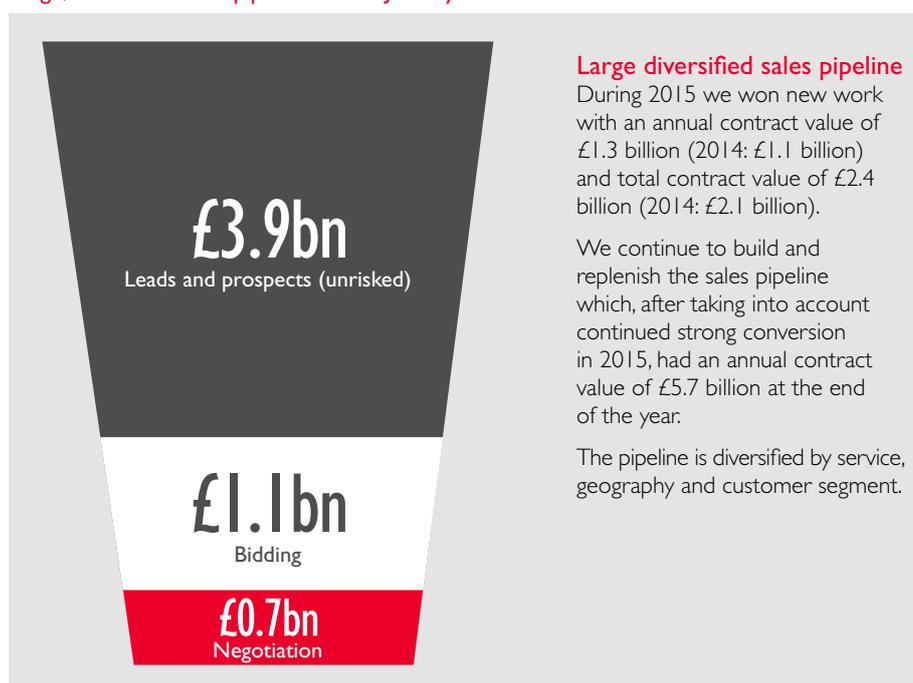
Over the last two and a half years we have invested heavily in sales leadership, sales and service training, customer relationships and account management. This also includes global accounts and improving how we identify the best global customer opportunities which has delivered success with customers such as GSK (see page 30). Our sales pipeline and sales management has improved with use of Salesforce.com now mandatory for our sales people, giving us better visibility on our pipeline.

Importantly we're now getting better at qualifying our pipeline early, to ensure we focus our resources on the most promising opportunities. As we get better at pipeline qualification we should see our win rate improve, because we are focusing on opportunities that we have a better chance of winning and a better chance of executing well against.

Increasing win rate (£bn)



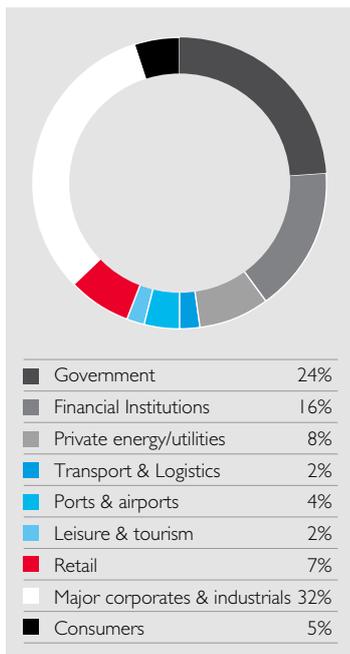
Large, diversified sales pipeline as at 1 January 2016





SERVICE EXCELLENCE

Revenue by customer type in 2015 (%)



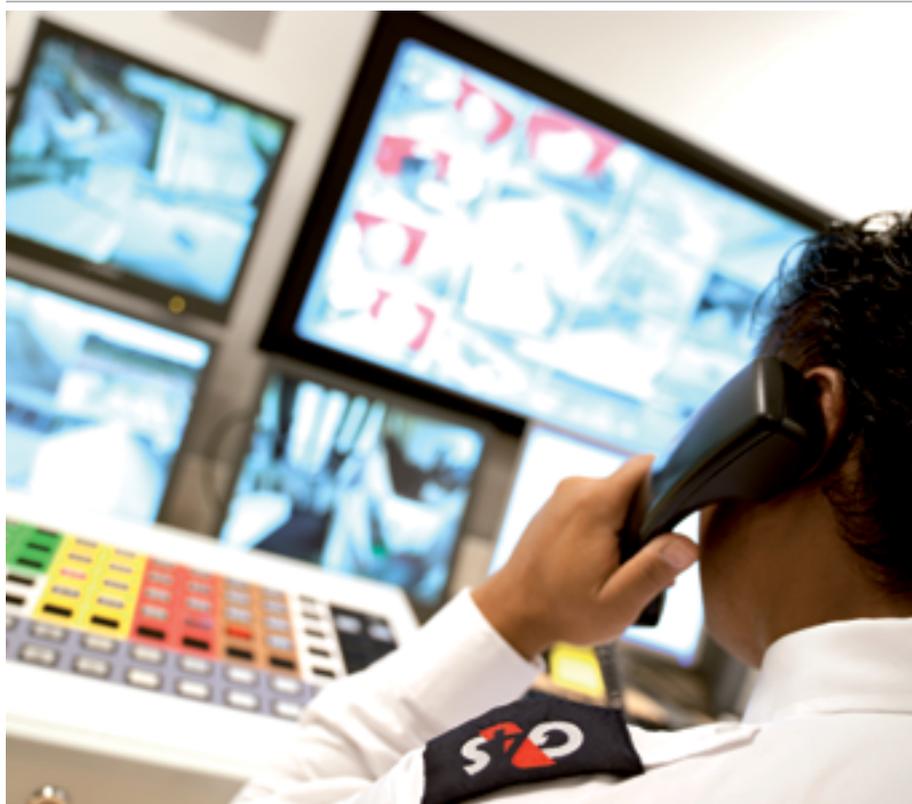
We have a strong and diverse list of customers and we aim to provide our customers with an outstanding service experience.

Some of the areas where we have been investing in our customers and service excellence include:

- Investment in training and development
- Investment in systems and technology
- Skilled account managers including industry specialists
- Investment in account and relationship management

Contract risk management and delivery assurance

Our enhanced contract management processes are now embedded across the group. There are clear, reserved powers for the approval of contracts at group executive committee and board level to approve bidding for major, complex contracts. A more detailed description of our contract risk management and governance model can be found in the risk management section on page 48.



Safety, Security and Service Excellence – RBS, UK

After more than 10 years of service providing a full suite of security services including manned guarding, reception, and patrol and response security across multiple sites including head offices, retail and investment sites, G4S was named number one in RBS' 2015 Annual Supplier Survey. The survey assesses a wide range of areas such as service delivery, customer satisfaction, innovation and social and environmental impact. The 2015 survey sought feedback on 66 of RBS' key suppliers.

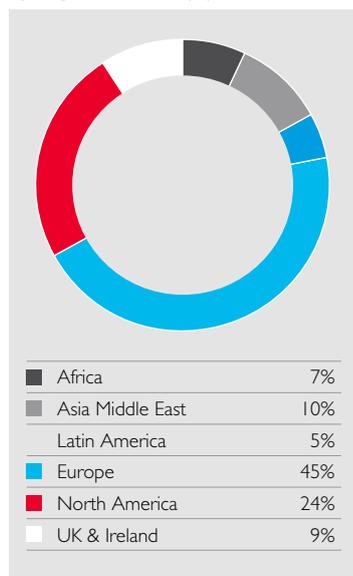


APPROVED SUPPLIER 2016



INNOVATION

Security systems revenue by region in 2015 (%)



We have invested in the development and marketing of new products and services to strengthen our service offering, to support growth and improve margin mix over time.

Some of our new services which have begun to gain commercial momentum in key markets are highlighted here:

Secure solutions

In our secure solutions business we continue to invest in product and service innovation including the development of:

- Proprietary security systems such as AMAG and SecureConnect access control systems
- Video and intelligent cameras
- Visitor management systems

- Global security intelligence systems such as GIS
- Software tools including incident management and travel advisory systems such as Risk360 and TravelAware (see page 31)

Cash solutions

For our bank and retail customers we are looking at innovative and efficient services. For example:

- We have a strong opportunity to grow sales through development, marketing and sales of CASH360™ and Deposita cash recycling systems in USA, UK, Europe, Africa, Asia and Middle East.
- We also offer a lower cost option to small retailers for banking takings called "Bank to You", a lower cost cash transportation service for smaller retailers using lighter vehicle fleets.

Safety, Security and Service Excellence – Belgium

Snow and ice are major challenges for airport operations and in 2015, G4S Belgium won the contract at Brussels Airport to operate specialist winter equipment. Safety remains the top priority and following several months of planning, intensive training and live exercises, G4S in partnership with the airport worked to ensure normal operations could resume as soon as possible in winter conditions.



Innovation – Mobile Banking Solution "Bank in a Box"

Mobile Banking Solution is a portable, fully equipped, secured ATM unit that was designed by G4S Africa and can be tailored to the customers' needs. Launched recently our customers' employees are able to withdraw wages securely and perform basic banking functions, as first time bankers in remote locations. The "Bank in a Box"

solution is not a replacement for a traditional bank branch, but rather a secured, semi-permanent cash processing facility, that will save our customers and their employees, time and money. The concept brings together some of G4S's main service offerings, including remote cash solutions, secure solutions, CCTV monitoring and response, first line maintenance, facility management and technology.



RE-INVESTING FOR PROFITABLE GROWTH

Operational excellence is an important lever which drives G4S' multiple sources of value. A significant portion of the gains we are making in being more efficient have been re-invested in the business to increase our opportunities for growth as well as driving further efficiency.

Our organisational efficiency programmes address:

- Efficient organisational design
- Management delayering
- Lean operating processes
- Efficient reporting and assurance processes
- Upgraded IT systems
- Efficient procurement

Some of the key ongoing initiatives in each of these areas are:

Efficient organisation design and management delayering

The formation of the group was based historically on many bolt-on acquisitions. In many cases, these acquisitions were not integrated. With the group offering a broad range of services in a large number of countries, this resulted in an inefficient organisational design with many management layers being built

up over time – leading to inefficiency and lack of accountability. The aim of introducing organisational efficiency is to re-design the organisation starting with a blank sheet of paper. One example is the re-design of the regional and branch structures in India which reduced the number of branches from 132 to 85 and management layers from 18 to seven (see case study below).

Lean operating processes

Direct Labour Efficiency

A key enabler of efficient direct labour management is the deployment of lean "order to cash" process management enabled by the development and implementation of a standard IT system for manned security operations. During 2014 the group set up and communicated clear standards and best practices for the management of direct labour.



Investing in operational and service excellence – India

With support from group human resources, G4S India initiated an organisation design evaluation and change programme which concluded at the end of 2015 with an efficient and customer-oriented organisation. In order to eliminate multiple layers of duplicate work, branches were consolidated to have the best geographical coverage with optimum asset utilisation. In addition, processes were streamlined to de-layer the organisation.

Multiple regional and zonal business units have been consolidated from 18 into seven hubs, each with a profit and loss account focus similar to that of smaller countries.

More than half the savings achieved from these initiatives were re-invested into upgrading the talent at all levels and investing in a sales and marketing organisation to ensure sustainable business growth.

Some of the other achievements were:

Processes and governance

- Standard processes and service delivery across all branches and hubs
- Controlled governance to ensure visibility of service delivery and sales at the management level

People and organisation

- Standard and clear roles and responsibilities across the organisation to enable career and succession planning

Reinvesting for growth



In 2015, our focus has been to engage subject matter experts globally, working with the group's IT leadership to complete a functional specification for a best practice "order to cash" solution which will be piloted in 2016.

**Vehicle management –
Route planning and telematics**

Telematics

The telematics programme involves the installation and use of electronic tracking and driver behaviour monitoring devices that enable us to reduce fuel and maintenance costs, while improving driver and road safety.

At the end of 2015 some 4,700 of our cash solutions vehicles were fitted with telematics devices. The information is used by the operations team to highlight driver behaviour that could be improved and deploy corrective actions,

including coaching and driver training with the objective of overall driver behaviour improvement and sustaining an acceptable level of driving efficiency and safety.

Benefits

- Reduced fuel usage by at least 8-12% in each country where telematics is deployed
- Reduced CO₂ emissions by an additional 6,356 tonnes over 2014 reductions
- Improved CSR Rating through reducing environmental impact
- Reduced vehicle maintenance and collision repair costs
- Safer crew and fewer accident related sick days
- Reduced at fault driver accidents on average between 10-20%
- Reduction in costs of own and third party accident damage and repair by 12% since devices fitted

Route optimisation

Our route scheduling programme involves the use of equipment and software that enables our businesses to plan and operate optimal routes for collections, deliveries and site visits. When deployed successfully the programme can:

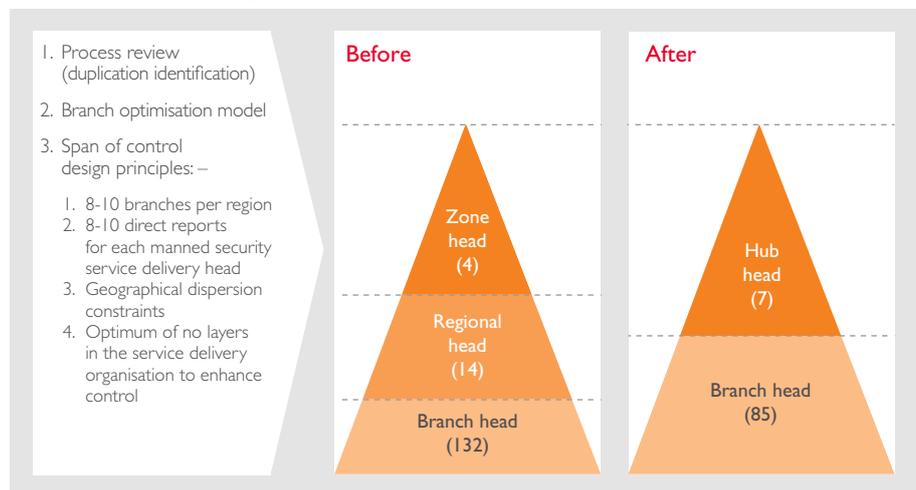
- reduce both vehicle and crew requirements
- result in balanced working hours for crew
- reduce distance leading to a smaller carbon footprint
- improve customer service by helping our crews to meet delivery and collection windows

- Consolidation of skills to ensure optimum productivity through shared functions
- Focused role and function for growth and innovation

Sales and service delivery

- Focused customer strategy through sales transformation which would improve overall top and bottom line
- Enhanced customer satisfaction through customer lifecycle management
- Enabled 360 degree customer view to both business development and service delivery

Branch optimisation programme





By the end of August 2015 the cash solutions business had generated £5.5 million of savings through route scheduling and optimisation programmes deployed in 37 cash solutions businesses, with an annualised saving of £10 million for 2015.

Procurement and property rationalisation

The group procurement function was established in late 2014 and by the end of Q1 2015 it had reviewed G4S spend and supply chain profile across all our regions and spend categories (65,000 suppliers accounted for spend of £1.5bn in 2014).

We set out on a category-focused regional procurement programme to reduce cost through better procurement and align our critical suppliers with G4S values and requirements. This analysis informed the investment needed to build a global and regional procurement category-based capability. This was supported by introducing global policies in procurement, and a global supplier code of conduct.

During 2015 we focused our main procurement efforts at a regional level and completed 17 global contracts covering the IT, fuel and travel categories. These delivered savings in the range of 10%-25%. The contracts have led to closer global relationships with customers and have enabled us to control costs in these global categories. We now have agreements with eight global vehicle manufacturers to provide new vehicles for both our soft skin (car and van) and our armoured vehicle fleets along with a new global deal for ballistic glass – an essential safety feature on all cash in transit fleets. We now use Shell to supply fuel in all our operating regions where Shell are present. We enjoy preferential pricing, fuel card flexibility and support to our bunkered fuel in Africa. This has strengthened our relationship with this key customer:

At a regional level we have completed over 60 regional supplier contracts that either fully cover large operating regions like North America and the UK or cover multiple countries across our

emerging markets. These deals have leveraged the G4S scale within the different geographies which we believe enables us to be the customer of choice for our suppliers.

We focused on telephony contracts in four regions and have achieved savings ranging from 25% to 75% in all areas we have addressed. We now have new deals in the UK, North America, Latin America, and several countries in Europe. We have contracted with a global real estate provider in the UK, Africa and Europe to provide advice and support on key strategic property consolidation projects, for example our central London property portfolio has reduced by 50% from four to two locations and now occupies properties with regional teams.

Finally, at a country level we have continued to consolidate our suppliers to remove risk from the supply chain and have completed over 250 local engagements and contracts with smaller suppliers.

Shared service centres

During 2015, we completed the consolidation of the manned security business in Canada into the US shared service centre. In Asia Middle East, we moved the transaction processing of five countries' operations into a newly established shared service centre in India and further progressed consolidation of operations into the UK shared service centre.

PROCUREMENT

17
global deals

60
regional deals

250
country deals delivering

10-25%
savings



Teamwork – Google Apps

In 2015, G4S unified the office productivity suite for all users in all G4S businesses across the globe onto Google Apps within 11 months – the first truly global IT programme in the company's history. The goal of the project was to reduce maintenance costs by

decommissioning around 45 legacy email platforms and to simultaneously improve the efficiency of staff in the use of the same cutting edge technology in all businesses for the first time. The project ran on time and on budget with around 65,000 employees successfully migrated to the new platform by early 2016.





STRATEGIC FOCUS

Portfolio management remains important for strategic focus, capital discipline and performance management. Since 2013, the group has divested 23 businesses realising proceeds of £281 million and more than 40 other businesses are being sold or exited. We have focused our activities and reduced the underlying countries of operation from around 120 to around 85.

£281m

raised to date, at least a further £250-£350 million expected

During 2015 the businesses which we have sold or closed have generally been sub-scale, low growth, poor cash generators, low margin and with limited turnaround potential. Some of them are businesses where there are better opportunities for growth with a new owner. Our portfolio management programme has improved our strategic focus. We have released capital at attractive multiples overall.

These proceeds have been re-invested in the organic growth

and productivity programmes where we expect to see good returns on our investment. We continue to keep our portfolio under review to ensure that we are achieving the levels of return which we and our shareholders expect.

Continued portfolio management is a good capital discipline. It sharpens the group's strategic focus, ensuring we apply our resources to the best opportunities where we have the highest chance of success.

It also reduces the risk profile of the group because many of the businesses we have sold were small or immaterial but required a disproportionate amount of management attention.

Outlook

We expect to raise at least a further £250-£350 million over the next 12 to 24 months from the sale of 38 smaller businesses and four larger businesses including G4S Israel, UK Utility services, US Youth Justice services and UK children's services.

Update on portfolio management progress

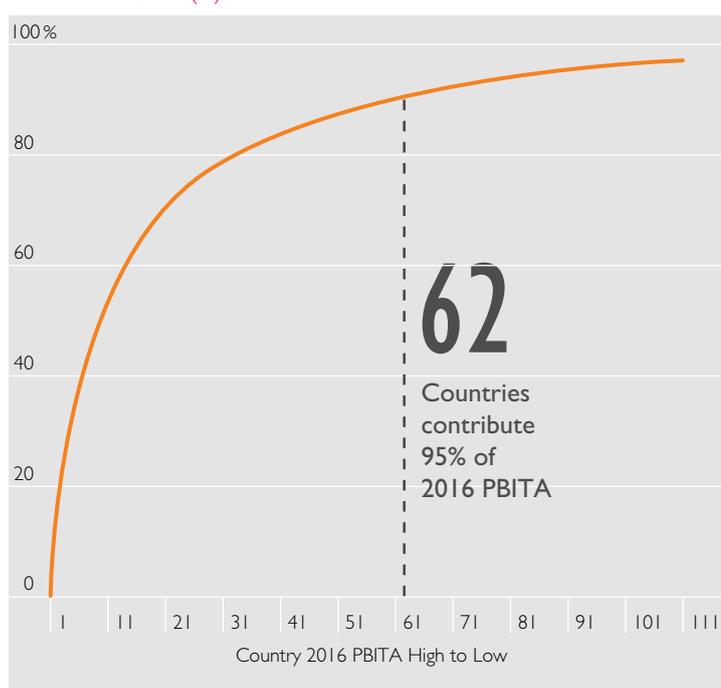
	Disposal complete	Disposal or closure in progress	Total
Number of businesses	23	38	61
Revenue (£m)	873	325	1,198
PBITA (£m)	14	(44)	(30)
Total proceeds (£m)	281	-	281

Active portfolio management

During 2013, we conducted a "bottom-up" analysis of all of our businesses, evaluating their performance and prospects. The results showed that 62 out of around 120 countries were expected to contribute 95% of the total PBITA expected in 2016. Since then we have reviewed over 60 businesses, looking at strategic value, risk profile and materiality of contribution (growth, PBITA and cash generation).

In addition we are selling four further businesses UK children's services, UK Utility services, G4S Israel, US Youth services which had combined revenues of around £400 million in 2015.

2013 Forecast of G4S PBITA in 2016 by country Cumulative PBITA (%)





IMPROVING CASH FLOW

Driving improvement in underlying operating cash flow has been at the heart of our financial and risk management activities in 2015.

108%

Underlying operating cashflow conversion in 2015 (2014 restated: 131%)

Underlying operating cash flow in 2015 was £460 million representing 108% of PBITA (2014 restated: 131%), which was towards the lower end of the group's aim of between 105% to 125%. The acceleration of growth in the second half of 2015, and the migration to our UK financial shared service centre increased working capital on a temporary basis. Consequently, cash generated from operating businesses of £449 million reduced by 14% compared to 2014 (£524 million excluding one-off corporate items of £27 million).

Whilst weaker cash flow generation in 2015 compared to 2014 is disappointing, the group is committed to embedding a "cash matters"

culture across the group. By this we mean that the implications on cash flow are taken into consideration at every step in the decision making process. This is a journey which takes time.

The key strands of this drive to improve cash generation include:

Leaner working capital management

- Sharing best practice and tools to enable the businesses to optimise their order to cash cycle.
- Leveraging the group's procurement programme to review supplier payment terms and maximise the group's purchasing power.



Safety, Security and Service Excellence – India

During 2015 G4S India ran a programme for employees using motorcycles, where experience has shown that there is increased likelihood of a safety incident. Called "Safety on the Go", the programme raises safety awareness as well as aiming to ensure compliance with the "Driving Force Rules", a G4S health and safety initiative introduced in 2014. More than 900 employees took part in "Safety on the Go", which included defensive driving training. As well as an extensive communication campaign, new personal protective equipment was introduced to improve the visibility of motorcyclists and other security officers who work in close proximity to vehicles.



“Order to cash” reviews in our key markets

During 2015 detailed order to cash reviews were completed in a number of our key markets including: India, Malaysia, North America and UK & Ireland. Best practice and tools shared under the “cash matters” initiative will facilitate similar reviews across the business during 2016.

These end to end reviews focus on key contracts and transactional data to identify both the root cause issues impacting timely cash collections and action plans to address these.

Improvements implemented include:

Bid frameworks/contract management

- Strengthening bid evaluation frameworks to increase focus on frequency of invoicing and shorter payment terms

Reducing the time from event to billing

- Improving processes and automating event billing information such as hours worked, milestones met, collections and deliveries in the cash solutions business
- Centralising collection of billing events of global and strategic accounts in some countries

- Invoice automation, removing the delay and resource requirement associated with manual invoicing
- Seeking to distribute all invoices electronically removing the delay and cost associated with postal distribution

Strengthening collections performance through:

- Changing incentive plans at management and branch level with greater emphasis on cash flow
- Improved management information to increase accountability and drive behaviours
- Embedding weekly calls attended by finance and operations, to drive timely collections

Managing accounts payable

- The group's days payable outstanding of 31 days (2014: 37) is shorter than days sales outstanding of 50 days (2014: 47 days).
- Ensuring that supply side contracts are back to back with customer contracts
- Negotiating improved terms through procurement on global and regional deals

Capital discipline

All capital investment undergoes rigorous review to ensure that the group's return on investment hurdle rates are met and all major capital investment projects are approved by the executive committee. Please see page 27 for how our portfolio management programme remains important for capital discipline as well as for strategic focus and performance management.

Changing behaviours

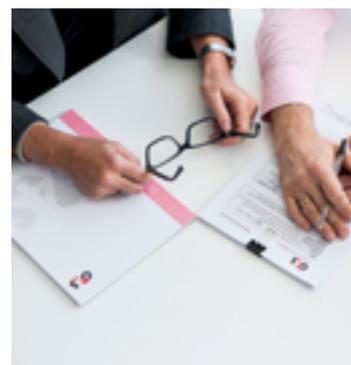
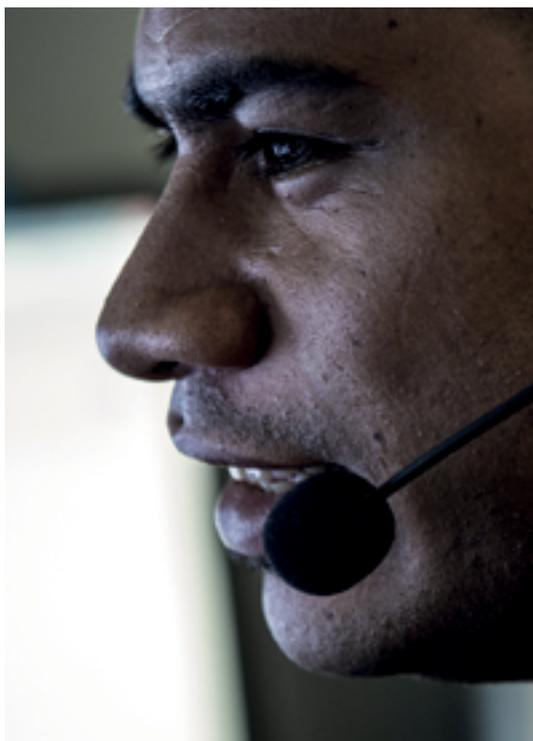
To ensure the cash culture becomes embedded across the group, 2016 incentive plans:

- Place an even greater weighting on operating cash generation and incentivise cash generation on a monthly basis across the year
- Include challenging operating cash targets to reduce the level of aged debt and accrued income which totalled £406 million at December 2015 (net of allowance for doubtful debt)

Improving cash flow – India

An order to cash review of our business in India during 2015 significantly strengthened cash conversion.

- The order to cash cycle was reduced by c.6 days, resulting in a reduction in accrued income, by strengthening process automation (hours worked and invoice generation) and switching customers from cheque to electronic settlement; and
- Overdue debt was reduced by c.30% by increasing collections accountability, improving KPIs and differentiating the collection strategy adopted for strategic accounts and small and medium size businesses.



G4S cash matters

In order to have a deeper understanding of cash matters, a ‘simple guide to cash flow’ was deployed and distributed to the top 220 managers in March 2016 to educate and provide best practice tools to improve operating cash flow across the business. The booklet is being translated for the Asia Middle East and Latin America regions.

INTEGRATED SECURITY SERVICES: GSK

The world market for integrated security services, encompassing specialised services such as pre-employment screening, specialist training, global travel risk management, private investigations and systems integration, is projected to rise 6.4 per cent annually to \$30.2 billion in 2018 (source: Freedonia World Security Services report, November 2014, excluding residential security), influenced by heightened concerns regarding global stability, terrorism and the local security environment.

There is a growing trend for companies to design and procure fully integrated security services, where consultation, technology, installation, staffing and maintenance are considered to be mutually dependent offerings. This growing demand for joined up customer propositions will create advantages for companies such as G4S with global scale and a broad product portfolio.



THE G4S SOLUTION — GSK

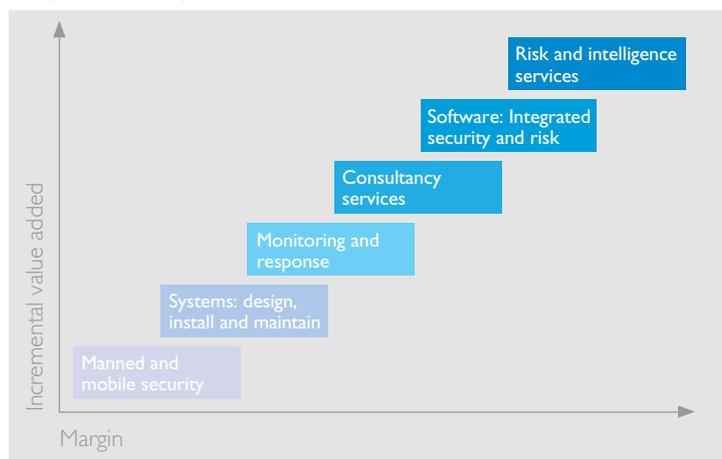
GSK is a science-led global healthcare company that researches and develops a broad range of pharmaceuticals, vaccines and consumer healthcare products. G4S has become a strategic partner to GSK, providing a number of innovative security products and services.

G4S has signed a new five year Master Service Agreement (MSA) with GSK, commencing on 1 January 2016. G4S has been providing security services to GSK for more than six years, originally delivered as a country model expanding to a regional then global model. Over 100 GSK sites have transitioned under the MSA and G4S is currently delivering a variety of services in 36 countries.

The new MSA continues in the spirit of the previous MSA, extending to achieve the operational efficiencies and cost avoidance programme by partnering at all levels of the global operational delivery model. The relationship

with G4S continues to mature; becoming a strategic partnership, helping to protect not just physical assets but also GSK's reputation and consequential losses.

The contract is predominantly a 'manned security plus', contract. Working together to introduce the provision of the additional service lines has bonded our relationship, which in turn has supported the creation of additional opportunities for expanding the G4S service beyond manned security. GSK and G4S recognise the value of the partner relationship and that it is key to the success of the G4S and GSK contract.

Integrated security solutions:

This chart shows how many countries our secure solutions services are offered in and schematically shows the incremental value added on the vertical scale and improved margin on the horizontal scale.

**TRAVELWARE MOBILE APPLICATION**

As a result of the networking and collaborative approach on other security matters, G4S is now the trusted supplier of the new G4S Risk Consulting travel awareness application for mobile devices – Travelaware. GSK has many employees travelling per month and the Travelaware app has been initially rolled out across workers operating in vulnerable environments in Africa and Latin America.

BUSINESS CONTINUITY — EMERGENCY CASH TRANSPORTATION & STORAGE SERVICES

As a result of the European economic crisis and its impact on the Greek economy, G4S provided support to ensure GSK and its suppliers and employees would continue to be paid in the event of the crisis deepening.

ANTI-COUNTERFEITING OPERATIONS**(Asia Pacific & South America)**

In 2016, G4S risk consulting will be assisting GSK by providing anti-counterfeiting intelligence and operational support for GSK's existing operations in South America and Asia Pacific region.

Services currently supplied by G4S to GSK:

- Manned security
- Alarm monitoring
- Patrols and response services
- Emergency cash transportation & storage services
- Access control and CCTV installation and maintenance
- Executive protection
- Convoy escorting
- Document storage & transport
- Drugs destruction
- Vehicle tracking
- Fire fighting
- Ambulance services
- First Aid prime responder services

- Vacant property management
- Valuables in Transit
- Risk consulting
- Spot risk assessments for corporate intelligence
- Global Intelligence System (GIS)
- 'Travelaware' app. Mobile tracking services
- Shuttle bus services
- Lone traveller escorting

Services being introduced:

- Controlled Drug & Alcohol testing of employees
- Safety teams
- Anti-counterfeiting assistance

CASH SOLUTIONS: CASH360™

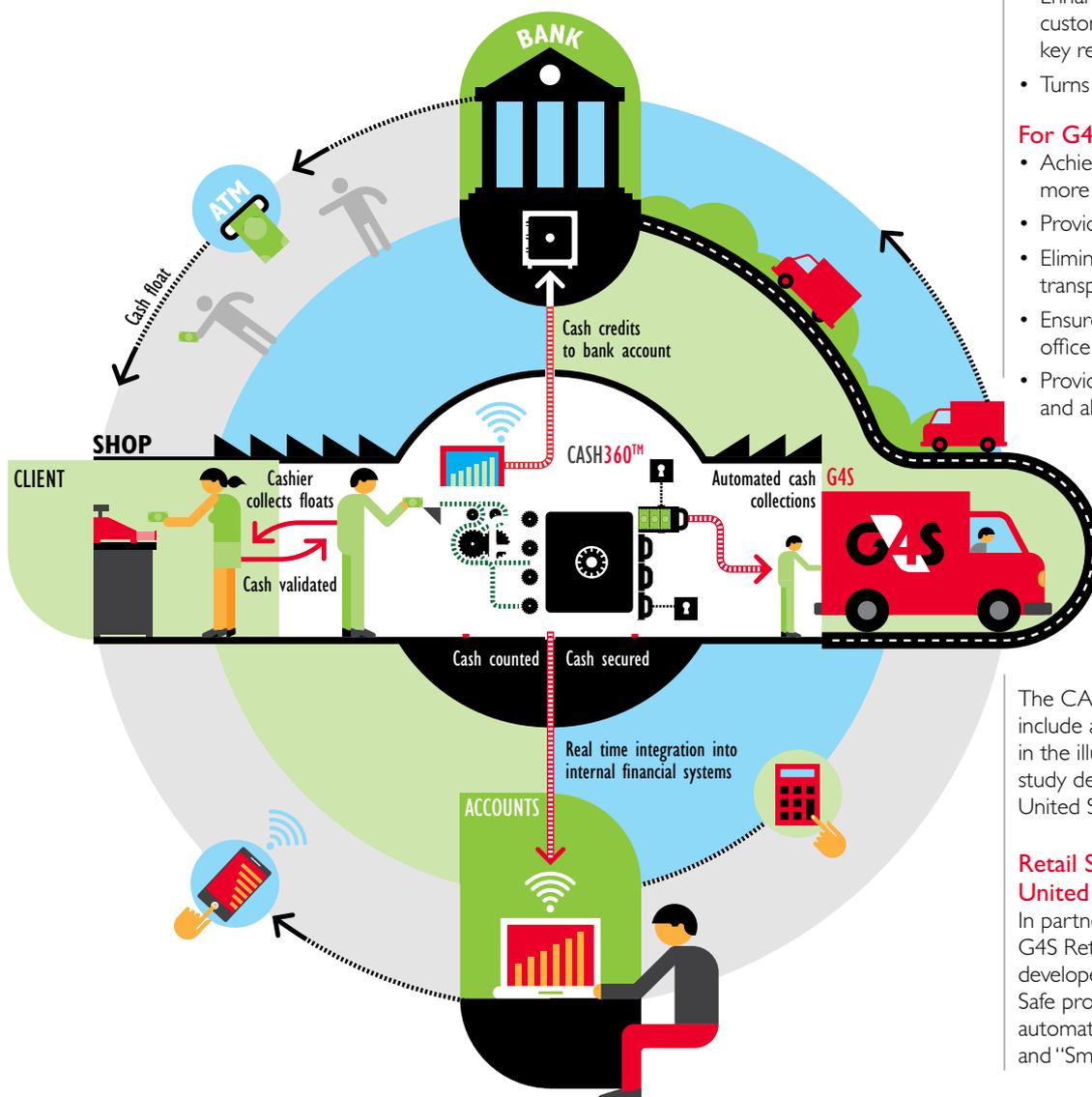
MARKET DRIVERS

G4S is selective about markets in which it operates cash solutions businesses, depending on market characteristics and offers cash solutions services in 48 countries. The global use of cash, although varying considerably by market, will continue to diminish structurally, driven by the penetration of non-cash payments, and the trend towards minimising costs among retail and central banks.

In developed markets, this structural decline will encourage trends to extract greater efficiencies in cash handling across the counting, sorting, storing and re-distribution cycle. We believe that in markets where central banks have made deliberate efforts to step back from cash processing, additional outsourcing opportunities are expected to emerge, particularly in high-street banking. Across the retail sectors in developed markets, structural declines in cash volumes over the medium term will accelerate the

THE G4S SOLUTION

CASH360™ Retail Solutions is an innovative solution for the handling of cash between retailers and banks. It automates the cash handling within a store:



For G4S bank customers:

- CASH360™ Retail Solutions offers innovative cash management solutions to retail customers that deliver financial savings to the bank
- Enhances the banks overall customer relationship with key retailers
- Turns a cost into a revenue stream

For G4S retail customers:

- Achieves efficiencies to allow more time with customers
- Provides faster access to funds
- Eliminates and reduces cash transportation costs
- Ensures less time on back-office activities
- Provides robust reporting and alerting
- Achieves greater visibility over the entire cash cycle
- Reduces the amount of time spent handling cash
- Increases focus on sales; building brand and customer satisfaction

The CASH360™ solution can include all or some of the elements in the illustration. The following case study describes our solution in the United States:

Retail Solutions in the United States

In partnership with a major bank, G4S Retail Solutions USA has developed CASH360™ and a Smart Safe programme to provide cash automation solutions for "Big Box" and "Small Box" retailers respectively.

adoption of services to fully outsource cash processing, offering retailers efficiencies and working capital advantages through products which process and credit cash balances in store.

In most emerging markets, population growth, the low penetration of retail banking and inflation will continue to drive increases in cash in circulation over the medium term.

(Source: G4S European Cash Report 2016).

CASH360™ is provided as a managed service and has proven to reduce:

- Cash room labour costs
- Bank processing fees
- Armoured carrier transportation costs
- Cash leakage

In addition, CASH360™ provides “bank-owned” cash and same day credit to significantly improve a retailer’s cash flow. Bank-owned cash allows a retailer to free up the “trapped cash” used as float to manage day-to-day commercial operations. At the end of each business day, CASH360™ calculates the net change in cash position and sends a file to the bank for the purpose of providing the retail customer with same day credit.

The Smart Safe programme was launched in 2015 to address the cash automation of Small Box retailers. A deposit-only service, a Smart Safe, reduces armoured carrier transportation costs, and cash leakage whilst providing faster access to cash through same day credit.

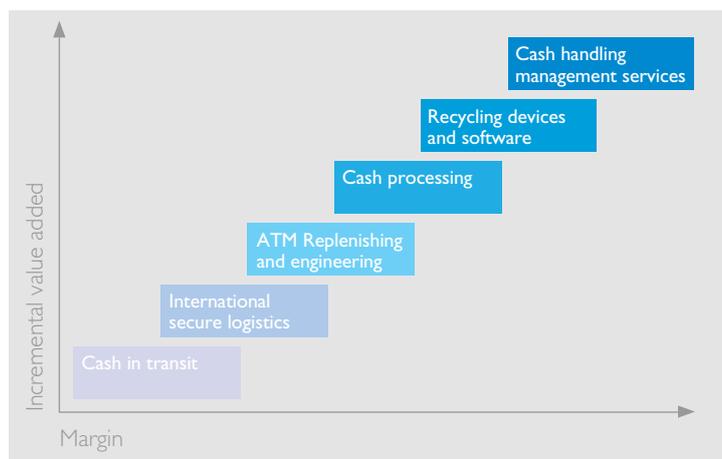
Product design – CASH360™

While a recycler is a key component of CASH360™, it is a software-centric solution at its core. Powered by a G4S developed software platform, Cash Manager comprises three functional modules: Inventory Management, Integration Services and Reporting and Analysis.

CASH360™’s business model applies the key principles of inventory management to the process of managing cash.

Cash Manager’s Inventory Management module optimises

Cash solutions:



This chart shows our cash solutions services, schematically showing the incremental value added on the vertical scale and improved margin on the horizontal scale.

the level of cash holdings (e.g. operating fund) in each retail store. The key components of the Inventory Management modules are depicted in the chart below.

The Integration Services module of CASH360™ is largely focused on integration of third party recycler and smart safe products and banks into Cash Manager. CASH360™ was designed to be both hardware and bank agnostic to maximise market opportunities.

The Reporting and Analysis module is strategically important for both customers and retail solutions team members. Providing insight to inventory levels of notes and coin, machine availability, carrier performance, and deposit management and reconciliation, the reporting and analysis module is mandatory to provide quality service delivery.

As a deposit-only service for Small Box retailer, the Smart Safe offering is significantly less complex than CASH360™. A subset of Cash Manager functions are used to support this product line.

to reduce “non-vaulted” (e.g. customers depositing funds at bank branches) transactions.

US Retailers

G4S has currently deployed CASH360™ at approximately 375 stores and has commitments for stores with a number of retailers ensuring a significant US presence for the cash solutions business.

Smart Safe

We have installed Smart Safe at 700 of one retailer’s stores. We have commitments for another 750 stores our this could increase to 1,000 stores in 2016. We are investing in business development resources to further accelerate Smart Safe sales in 2016.

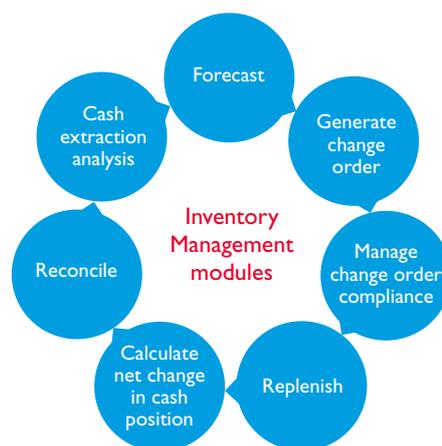
Outlook

We are now focused on additional Big Box retailer opportunities to further grow our business in 2017 and 2018 in the US. We also expect to accelerate our Smart Safe programme to become a market leader in the small box retailer space.

Benefits to banking partners

Elevating profit margins through the reduction of cash handling processes is a priority of the banking sector. CASH360™ reduces the volume of cash deposits at bank vaults that allows banks to reduce overall fees to their retail clients while improving the margins associated with depository services.

Smart Safes allow banks to offer this service directly to strategic retail customers (as opposed to the armoured carrier companies providing the service)



CARE & JUSTICE SERVICES:

MARKET DRIVERS

G4S Care and justice services delivers more than 10% of secure solutions revenue and 9% of group revenue. It is concentrated primarily in the UK, US, Australia and New Zealand.

As the numbers of those in custody across the world continue to rise, governments are focusing increasingly on programmes to

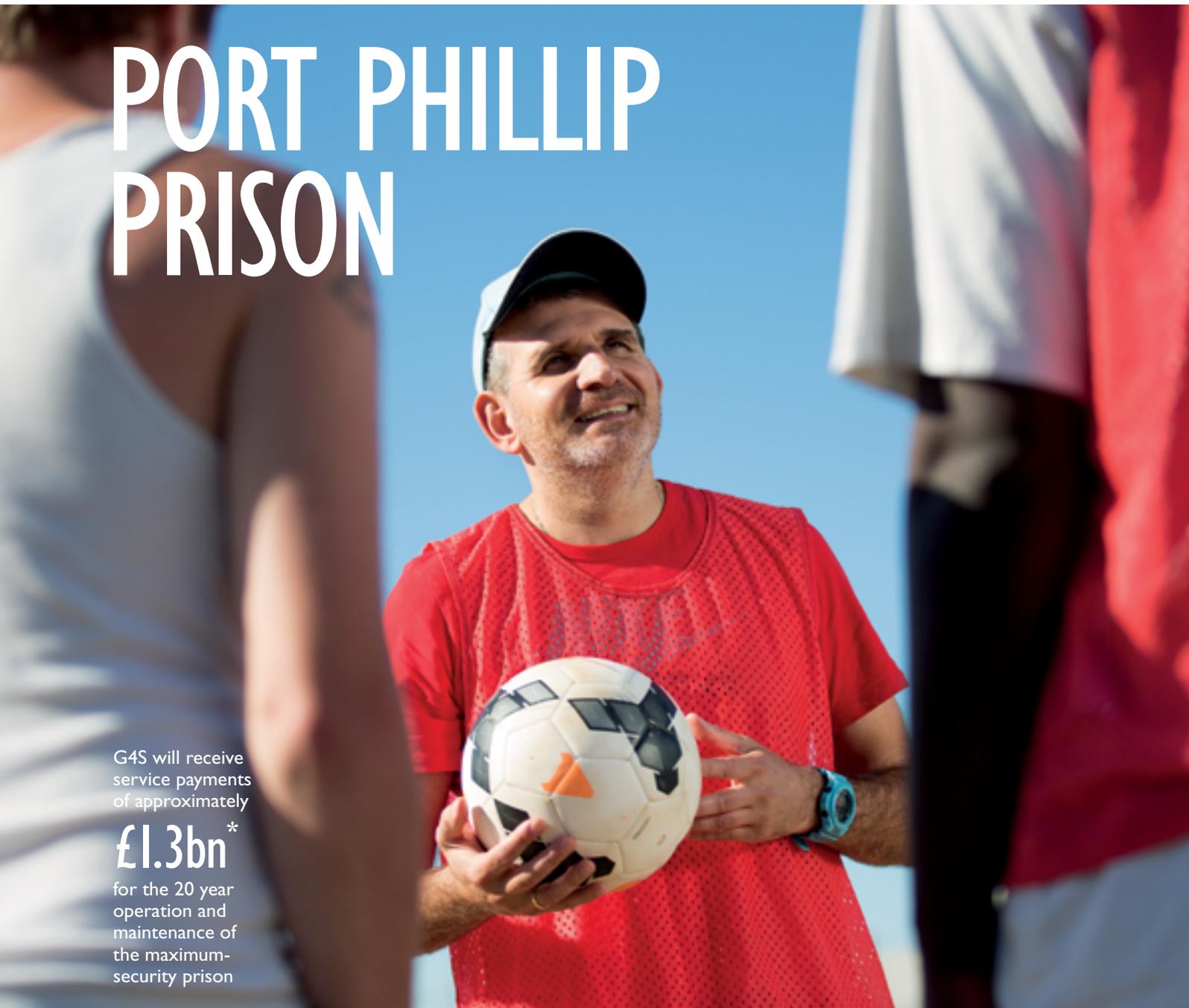
reduce rates of re-offending, whether in, custody or in the community. Rehabilitation and education programmes for those in custody are widely seen as effective and appropriate responses to address offending behaviour of prisoners.

Accordingly, we continue to see attractive long-term growth opportunities in ancillary custodial services, such as electronic monitoring, as governments

consider how to extend their use to tackle other issues such as domestic violence.

In immigration, asylum, deportation, youth custody and associated services, declining margins coupled with greater reputation risk are expected to contribute to a more challenging operating environment.

PORT PHILLIP PRISON



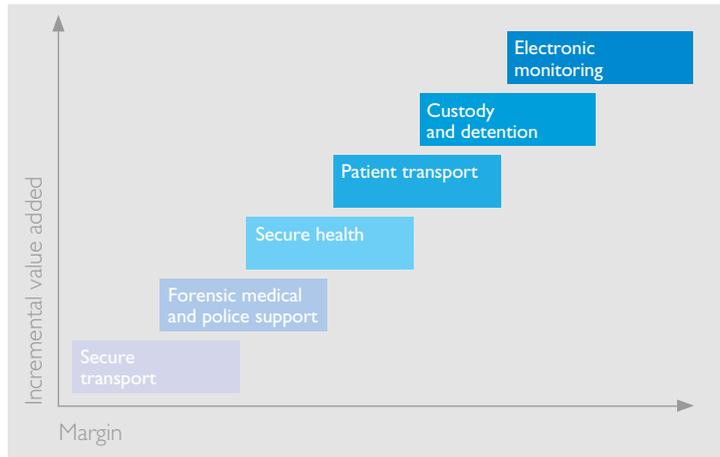
G4S will receive service payments of approximately

£1.3bn*

for the 20 year operation and maintenance of the maximum-security prison

This chart shows care and justice services schematically, showing the incremental value added on the vertical scale and improved margin on the horizontal scale.

Care & Justice:



THE G4S SOLUTION

The care applied by our staff is reflected in high standards of service provided for our customers and end users. Port Phillip Prison is a maximum security adult male prison in the state of Victoria, Australia.

Safety and security are the paramount features of our philosophy as well as incorporating fairness, respect for human rights and the personal dignity of the people entrusted to our care. G4S has been active within the justice sector in Australia since 1995 and we successfully manage and care for the offender population and prepare them for their future in society.

Port Phillip Prison (PPP) can accommodate up to 1,107 prisoners and as Victoria's largest prison, its primary roles include the management of prisoners in custody, administering custodial sentences, delivering a range of significant health services, programmes, education and industries in an environment that encourages positive behaviour and attitudes leading to self-directed rehabilitation. The prison is a complex and diverse facility accommodating the following prisoner cohorts: protection, youth, medical, mainstream, management, intellectually disabled and prisoners with psychiatric needs. Towards the end of 2015, G4S renewed its contract to run Port Phillip Prison. G4S will receive service payments of approximately £1.3 billion (nominal undiscounted cost, using G4S foreign exchange and indexation assumptions) for the 20 year operation and maintenance of the maximum-security prison.

Port Phillip Prison is the largest of Victoria's 14 prisons, receiving its first prisoners on 10 September 1997 and one of only two privately operated in the state. Recidivism (reoffending) is around 44.1% in Victoria, slightly lower than the national average of 44.3%. (Source: Report on Government Services 2016 – Council of Australian Governments.) PPP supports a number of rehabilitation and community reintegration programmes which work towards reducing the rate of prisoners reoffending and support a safer Victorian community. These programmes are aimed at assisting prisoners to address their offending behaviour and personal development by focussing on issues relating to drug and alcohol, anger management, offending behaviour and re-establishing family ties.

Marlborough Unit – “Joint Treatment Programme”

Launched in 2007, the Marlborough Unit was designed to create a protected environment for cognitively impaired prisoners within the correctional system. In this safe environment, they are given opportunities to learn new ways of living through programmes providing transitional, educational and offence specific treatment. The aim is to manage them in a ‘treatment’ environment and then return them to the community

to live a stable and productive lifestyle. In addition to the treatment programmes the unit runs a street soccer programme, they propagate plants and vegetables for donation to local community initiatives and the unit has seen, to great success, the introduction of therapy animals.

Penhyn Youth Unit

The Penhyn Youth Unit houses young adult men aged 18-25 and offers offending behaviour programmes and services targeted at these prisoners. The establishment of a groundbreaking small business programme, ‘Doin’ Time’, involves young prisoners being mentored by local business people and supported by some of Australia's largest companies. The small business programme has been active for over eight years and has raised over £75k for various charities.

Education

The flexible learning education centre within the prison offers courses in areas such as literacy and numeracy, information technology, occupational health and safety, cooking, horticulture as well as full time education with access to distance education. Koori art and education is also offered as part of the curriculum as around seven percent of inmates are of indigenous Australian heritage.

Industry

The prison operates industries from 10 complexes and a number of satellite facilities located across the site. Some of the industries operated at the prison include ground and building maintenance, laundry, powder coating, kitchen, carpentry, garment assembly and packaging for goods and services used both in-house and outside of the prison. Prisoners are also employed in service industries in the accommodation units, hospital, admissions and across other programmes.

Health Services

The prison delivers acute medical, surgical and psycho-social care as well as secondary and tertiary in-patient care for all prisoners in the state. In addition to the in-patient facilities the prison also maintains a 10 bed secure ward at nearby St Vincent's Hospital in Melbourne.

* (nominal undiscounted cost, using G4S foreign exchange and indexation assumptions)

KPIs

Our progress in implementing our strategic objectives is measured using key performance measures aligned to those objectives and the group values:

-  People & values
-  Growth
-  Innovation
-  Service excellence
-  Operational excellence
-  Financial discipline

FINANCIAL KPIs

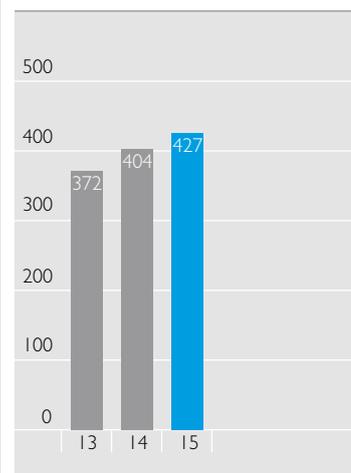
Underlying revenue¹ (£bn)

£6.4bn



Underlying PBITA¹ (£m)

£427m



Description

We have an organic growth strategy based on strong market positions in structural growth markets. We are investing in improved customer service, innovation and sales and business development capabilities. We believe there is also great potential to sell more complex solutions which tend to have longer contract terms and higher margins.

The group has a number of productivity programmes to drive efficiency and operational improvement across the group. These include efficient organisation design, management delaying, lean operating processes, efficient reporting and assurance processes, upgraded IT systems and efficient procurement.

Performance

In 2015, revenues grew 4.0% to £6.4bn (2014 restated: £6.2bn), with emerging markets growing 8.6% with broad growth across all three regions and developed markets growing 1.6%, with strong growth in North America and a return to growth in Europe offsetting a decline in the UK.

In 2015, PBITA grew 5.7% to £427m (2014 restated: £404m) as a result of these initiatives starting to have some benefit. PBITA in emerging markets was up 9.2% and in developed markets PBITA decreased by 1.0%.

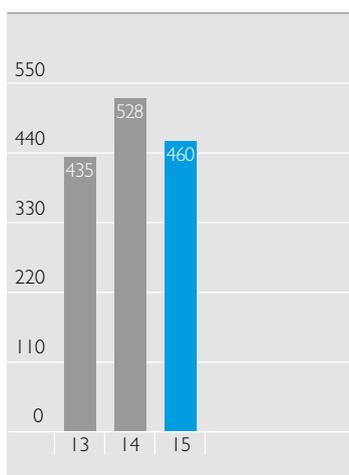
Link to strategic objectives



¹ For details of the basis of preparation of underlying results see page 97.

Underlying operating cash flow¹

£460m

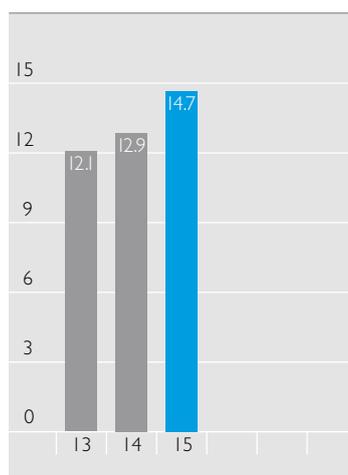


A key priority for the group is to drive improved cash generation, through leaner working capital management and capital discipline and embedding a “cash matters” culture throughout the group as outlined in more detail on pages 28 and 29. An even greater emphasis has been placed on cash in management incentive plans from 2016.

Underlying operating cash flow was £460m (2014 restated: £528m), down 13% mainly due to a temporary increase in working capital associated with strong revenue growth in the second half of 2015 and transition to a UK financial shared service centre.

Underlying EPS¹ (pence per share)

14.7p



G4S is looking to deliver sustainable growth in earnings over the long term. EPS growth is a component of both the annual and long term management incentive plans.

Helped by revenue growth, improved PBITA margins and lower interest costs underlying earnings increased 14% to £227m (2014 restated: £199m) in 2015. Underlying EPS also increased 14% to 14.7p (2014 restated: 12.9p).



NON-FINANCIAL KPIs

In addition to the financial KPIs, the group has a set of performance measures aligned to its strategic priorities. A description of these performance measures and our progress against them is shown on pages 10 and 11.

For more detail on the group's strategic priorities please see pages 10 and 11. For more detail on 2015 financial performance please see the Chief Financial Officer's review on pages 96 to 105.

Underlying regional and service line financial performance

The analysis of the group's business performance reflects internal management reporting lines which are based on geographic regions. The group's underlying segmental results are presented below, excluding specific items and operations identified in portfolio rationalisation. Prior year results are restated (see page 97) and are presented at constant currency and exclude businesses identified for sale or closure. A reconciliation between underlying and statutory results can be found on page 98.

Regional summary

(see pages 39-44)

During 2015, group revenues grew 4.0% to £6.4bn, with strong growth in emerging markets (up 8.6%) and North America (up 5.8%), solid growth in Europe (up 2.6%), partially offset by a decline of 3.0% in the UK & Ireland region due to contract phasing. Profit before interest, tax and amortisation increased 5.7% to £427m, with lower margins in Latin America, UK & Ireland and Europe offset by higher margins in Africa, Asia and Middle East, North America and lower corporate costs.

Segmental summary

(see page 45)

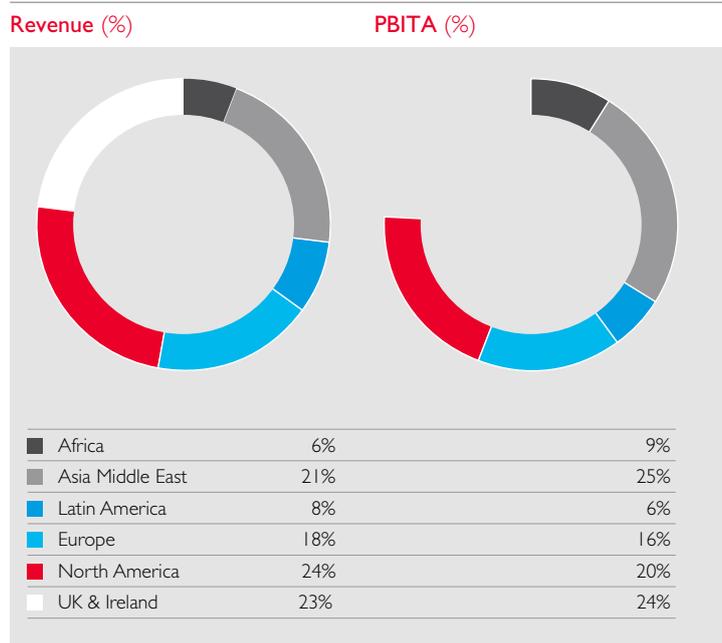
The secure solutions businesses achieved 4.5% growth in revenue and 1.7% PBITA growth. Cash solutions revenues increased by 0.9% and PBITA grew by 6.4%, with PBITA rising to £60m in emerging markets and unchanged at £57m in developed markets.

A full report on the group's financial performance in 2015 can be found in the chief financial officer's review on pages 96 to 105. The group's key performance indicators can be found on pages 36 and 37.

At constant exchange rates	Revenue £m			PBITA £m			Organic growth*
	2015	2014 restated	YoY %	2015	2014 restated	YoY %	
Africa	391	366	6.8%	40	37	8.1%	7.8%
Asia Middle East	1,326	1,223	8.4%	121	108	12.0%	3.4%
Latin America	549	497	10.5%	29	29	0.0%	10.4%
Emerging Markets	2,266	2,086	8.6%	190	174	9.2%	5.8%
Europe	1,159	1,130	2.6%	77	82	(6.1)%	1.7%
North America	1,518	1,435	5.8%	94	80	17.5%	5.7%
UK & Ireland	1,490	1,536	(3.0)%	116	128	(9.4)%	(3.0)%
Developed Markets	4,167	4,101	1.6%	287	289	(1.0)%	1.4%
Total Group before corporate costs	6,433	6,187	4.0%	477	464	2.8%	2.9%
Corporate costs				(50)	(60)	16.7%	
Total Group	6,433	6,187	4.0%	427	404	5.4%	2.9%

* Organic growth is calculated based on revenue growth at 2015 average exchange rates, adjusting to exclude the impact of any acquisitions or disposals during the current or prior year. During 2015 we increased our economic control and interest in certain joint ventures at no additional cost and these are excluded from organic growth.

2015 Revenue and PBITA by region



The statutory segmental analysis as presented in note 6 of the financial statements includes revenue from businesses that are being sold or ceased and for the prior year also includes the impact of foreign exchange by region as follows – Africa £79m (2014: £118m); AME £95m (2014: £107m); Latin America £77m (2014: £188m); Europe £145m (2014: £308m); North America £5m (2014: £70m decrease) and UK & Ireland £29m (2014: £51m).

Operating profit in note 6 of the financial statements includes the trading results from businesses that are being sold or ceased, interest and tax from joint ventures and for the prior year also includes the impact of foreign exchange by region as follows – Africa £10m (2014: £7m); AME £4m (2014: £14m); Latin America £14m (2014: £6m profit); Europe £3m (2014: £11m profit); North America £4m (2014: £5m) and UK & Ireland £1m (2014: £2m profit).

Emerging market

AFRICA



Mel Brookes
Regional President – Africa

2015 highlights

+7.8%
Organic growth

\$8bn
Africa security market in 2013*

118,000
Employees

+8.1%
PBITA growth



G4S is the largest provider of integrated security solutions in the region, with operations in 22 African countries. We have a diversified customer base delivering services to a range of factors including telecommunications, aviation, mining, oil and gas, embassies and ports, as well as post-conflict humanitarian work with government agencies and NGOs.

Revenue £m			PBITA £m		
2015	2014 restated	YoY %	2015	2014 restated	YoY %
391	366	6.8%	40	37	8.1%

All tables show underlying performance at constant exchange rates.

Against a background of lower commodity prices and economic uncertainty, revenue growth in the Africa region accelerated to 7.4% in the second half of the year resulting in 6.8% for the full year with good growth across all markets and in both secure solutions and cash solutions.

The broad-based growth, together with operational gearing and improved productivity produced PBITA growth of 8.1% year on year. The PBITA margin was 10.2%, up from 10.1% in 2014.

New contracts won across the region include security, systems, facilities and risk management

services work for governments, multi-lateral agencies, NGOs, telecommunications providers and retailers.

The sales pipeline in Africa has a diversified number of new contract opportunities in areas such as financial institutions and risk management.

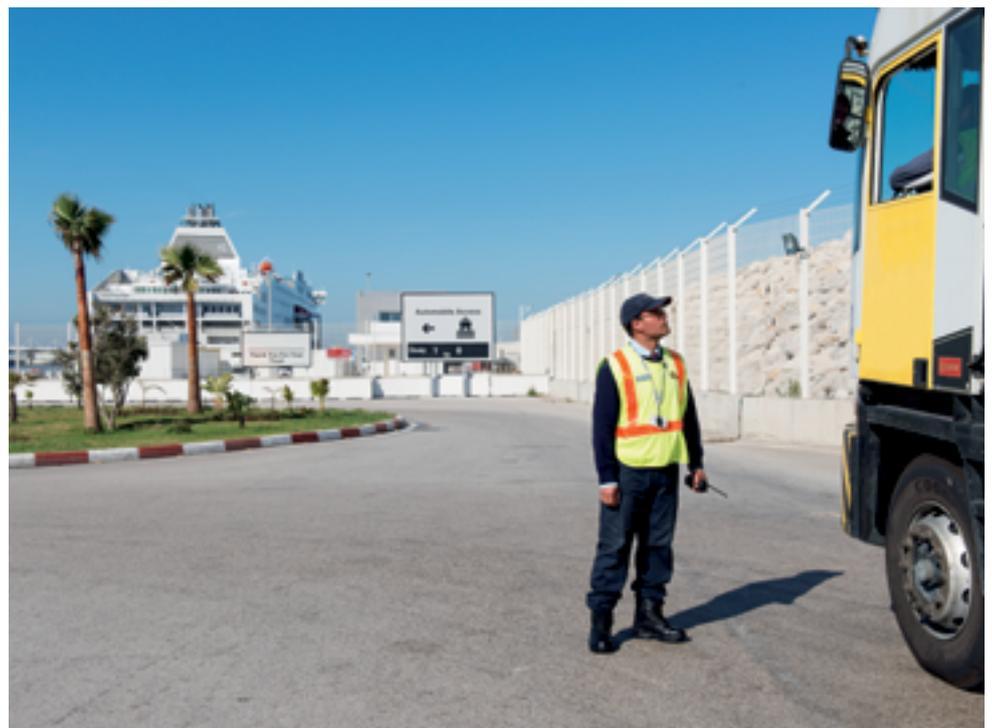
The comparative 2014 PBITA has been restated to reflect prior year adjustments (charges) of £16 million. See page 97 for further details.

We continue to invest in service and product development, securing new security systems contracts such as that with Transnet below.

* Source: Freedonia World Security Services report, November 2014, excluding residential security.

South Africa, Transnet

Following a successful 12 month pilot, Transnet SOC Ltd, a large South African rail, port and pipeline company, committed to the nationwide roll out of G4S's Time and Access Management technology solution, which will allow Transnet to host one of the most secure and concise workforce and visitor databases in the country. Once the planned national roll out of the G4S system has been completed, all Transnet sites across South Africa, including national ports and harbours, the national rail network, and the national multi-purpose pipeline, will be secured by G4S's electronic security solution.



Emerging market

ASIA MIDDLE EAST



Jon Corner
Regional President – Asia Pacific



Claude Allain
Regional President – Middle East and India

2015 highlights

+3.4%
Organic growth

\$42bn
Total security market in 2013*

245,000
Employees

+12.0%
PBITA growth



G4S is the leading security provider in the Asia Middle East region with operations in 28 countries. Our largest countries by revenue are India, Saudi Arabia and Australia.

Revenue £m			PBITA £m		
2015	2014	YoY %	2015	2014	YoY %
1,326	1,223	+8.4%	121	108	12.0%

All tables show underlying performance at constant exchange rates.

Revenue growth in Asia Middle East accelerated to 12% in the second half of the year, resulting in full year growth of 8.4%. Our businesses posted strong growth in India, Saudi Arabia, UAE, Hong Kong, Macau, Singapore and Thailand. The G4Si valuables and cash logistics business (part of Cash Solutions), based in Hong Kong continued to experience challenging trading conditions impacted by reduced movements in precious commodities.

PBITA increased 12.0%, reflecting the strong growth, improving productivity and a strong contribution from security systems.

We secured new contracts across a broad range of sectors including financial services, aviation and construction and the Port Phillip Prison contract in Australia was successfully extended for another 20 years, with a total contract value of £1.3 billion (see pages 34 and 35).

As part of portfolio management the region sold or exited a number of businesses including a parcel business in 2015 and Thailand cash solutions in early 2016.

The sales pipeline is diversified and substantial in areas such as telecommunications, leisure, aerospace, financial and government and oil & gas sectors. We have enhanced our service offering in key markets by continuing to innovate and to use technology (see Bank of America, India below).

To ensure that G4S is well positioned to take advantage of market opportunities, effective 1 January 2016, the AME region has been re-organised into two new regions – Asia Pacific, under Jon Corner; based in Hong Kong and the Middle East and India region under Claude Allain based in Dubai. This brings additional executive focus to these important markets.

Bank of America, India

Bank of America has a large outsourcing and processing environment which relies on G4S to provide a force of over 1,350 experienced security professionals. In 2015, G4S launched an “Android” based device integrated with an industrial grade fingerprint scanner. This device ensures roster and shift compliance, sends alerts to manage absenteeism and overtime hours, and prevents unauthorised personnel entering the bank. It also automates the customer invoicing process, reducing invoice processing by five days and improves payroll preparation.



Emerging market

LATIN AMERICA



Martin Alvarez
Regional President – Latin America

2015 highlights

+10.4%

Organic growth

\$26bn

Total security market in 2013*

68,000

Employees

0.0%

PBITA growth



G4S is a leading integrated cash solutions and secure solutions provider for commercial and government customers across 13 countries in Latin America, with Brazil, Colombia and Argentina being our largest markets in the region by revenue.

Revenue £m			PBITA £m		
2015	2014	YoY %	2015	2014 restated	YoY %
549	497	10.5%	29	29	0.0%

All tables show underlying performance at constant exchange rates.

Despite flat GDP growth in Latin America, our revenue and organic growth was 12% in the first half and 9% in the second half, resulting in full year revenue growth of 10.5%. Our businesses continued to post strong growth in Argentina, Mexico and Colombia and single-digit growth in Brazil and Peru. The severe downturn in the mining sector saw revenues in Chile grow modestly.

Key contract wins include new secure solutions contracts in the aviation (see below), banking and automotive sectors and FM work in Brazil for national and state governments.

In a number of key markets in Latin America, we experienced delays in the recovery of wage and cost inflation. This impact was offset by productivity initiatives and overall, PBITA was in line with 2014.

Our sales pipeline for the Latin America region is developing well, with a number of large, new multi-year manned security and facilities management opportunities for multinational customers in Brazil, Colombia, Argentina and Peru.

The comparative 2014 results have been re-presented to reclassify prior year employee-related costs from within tax to within PBITA. The adjustment reduced 2014 PBITA by £3 million at 2015 average rates.

LATAM Airlines Group S.A., Brazil

TAM, headquarters in São Paulo, is Brazil and Latin America's largest airline, operating scheduled services to destinations within Brazil, as well as international flights to Europe and other parts of North and South America. In 2012, TAM merged with the Chilean airline LAN (Chile), a G4S customer, and the two airlines expect to fully rebrand all aircraft as LATAM, by 2018. During 2015, G4S won a new contract to provide Security and Facilities Management services to TAM in various office locations, including São Paulo, Porto Alegre (Rio Grande do Sul) and Santa Catarina states.



Developed region

EUROPE



Graham Levinsohn
Regional CEO – Europe

2015 highlights

+1.7%

Organic growth

\$39bn

Total security market in 2013*

42,000

Employees

(6.1)%

PBITA growth



G4S Europe has activities in 18 countries in Scandinavia, Benelux, Southern Europe and Eastern Europe. It has strong market positions in cash solutions and around 20% of the region's revenues are security systems-related.

Revenue £m			PBITA £m		
2015	2014 restated	YoY %	2015	2014 restated	YoY %
1,159	1,130	2.6%	77	82	(6.1)%

All tables show underlying performance at constant exchange rates.

Our Europe region returned to growth in 2015, with revenues up by 2.6% driven by a good performance in our Netherlands cash solutions business helped by a new contract with GSN (see below), the acquisition of a small monitoring and response business in the Netherlands and good growth in our Belgium manned security businesses.

Our cash solutions business in Europe posted solid revenue growth, related to increased activity in Greece.

Against this improving revenue picture, our sales margin mix was adversely impacted by changes in our contract portfolio in the Netherlands and Hungary and PBITA for the region declined by 6.1% compared with 2014. Our on-going sales and productivity programmes are expected to progressively restore and improve our average margins in Europe.

The European pipeline includes a number of opportunities with new and existing clients in the aviation, retail and banking sectors. We made further progress with portfolio management in the region, having sold or agreed to sell courier businesses in Belgium, a storage business in Austria and our businesses in Finland and Kazakhstan in early 2016.

The comparative 2014 results have been restated to correct the accounting treatment of alarm sales and related leases in Denmark. The adjustment increased 2014 PBITA by £8 million at constant exchange rates. See page 97 for further details.

GSN, Netherlands

Geldservice Nederland (GSN) is a joint venture between three major Dutch banks, representing 90% of the Dutch cash solutions market.

Since January 2015, G4S Netherlands successfully mobilised a new contract to provide transportation, servicing and maintenance services to GSN for 7,500 ATMs across its network.

It was the first time GSN had outsourced the full scope of services and maintenance of its ATMs.



Developed region

NORTH AMERICA



John Kenning
Regional CEO – North America

2015 highlights

+5.7%

Organic growth

\$46bn

Total security market in 2013*

57,000

Employees

+17.5%

PBITA growth



G4S North America is predominantly an integrated secure solutions business for commercial customers, with some government contracts including border protection. The group's innovative cash management solution for retail customers, CASH360™ (see page 32) saw increased revenue and sales order book momentum in 2015.

Revenue £m			PBITA £m		
2015	2014	YoY %	2015	2014	YoY %
1,518	1,435	5.8%	94	80	17.5%

All tables show underlying performance at constant exchange rates.

In North America, our revenues grew by 5.8% for the full year, as strong growth in commercial security, security systems and cash management technology more than offset the general slowdown in Canada, where the economy has been impacted by the decline in oil and gas prices.

PBITA for the region was 17.5% higher, as higher revenue and operational gearing more than offset the costs of our investment in product and service innovation and sales capacity. The Affordable Care Act became effective in the fourth quarter of 2015 and, as expected, the Act did not have a material impact on the group's business, as our plans were already broadly in line with the new legislation.

Our retail solutions (CASH360™) service line is gaining momentum with the potential for excellent growth in 2016. Our North American business has a strong contract pipeline with opportunities across diverse sectors including commerce, retail, banking and oil and gas.

We have continued to invest in the development of new products and services such as Risk360 and Symmetry (see Sun Life Stadium below).

Sun Life Stadium, Miami

In October 2015, G4S was selected to design, integrate and manage the security systems and operations at the home of the Miami Dolphins NFL team, the iconic Sun Life Stadium.

Under the new contract G4S will install and operate Symmetry, a G4S-designed access control, high resolution video and security system. From 2016, G4S will also develop and manage a state of the art security command centre which will be the hub of Sun Life Stadium's security operations.



UK & IRELAND



Peter Neden
Regional President – UK & Ireland

2015 highlights

(3.0)%

Organic growth

\$7bn

Total security market in 2013*

36,000

Employees

(9.4)%

PBITA growth



G4S is the leading provider of cash and secure solutions in the region with a broad range of expertise covering specialist event security, government outsourcing, including care and justice services, and cash solutions.

Revenue £m			PBITA £m		
2015	2014	YoY %	2015	2014	YoY %
1,490	1,536	(3.0)%	116	128	(9.4)%

All tables show underlying performance at constant exchange rates.

Revenue declined 3.0% mainly due to the Electronic Monitoring contract ending in Q1 2014 and the loss of the Tesco contract in cash solutions in Q4 2014. PBITA was 9.4% lower than 2014 principally as a result of lower revenues and an adverse change in our revenue mix.

Restructuring and efficiency programmes implemented in 2015 are expected to mitigate these effects and during 2016 we are investing in new operational systems in manned security, which are expected to improve efficiency in this business.

Profits in cash solutions and government services were in line with 2014.

Our UK business manages a number of major legacy contracts which are loss making. These are mainly for the provision of public sector services (see page 96).

The UK & Ireland bidding pipeline is broad-based and has grown in the areas of facilities management and outsourcing.

In July 2015, the UK government announced a staggered increase in the Living Wage from April 2016 to 2020. We estimate this will have a 1-2% impact on 2016 profits of the UK and Ireland region.

Major property services company

G4S was recently selected by a major property services company to be their primary provider of contracted security services across Greater London and the South-East, extending and building upon a long term relationship. The contract, for up to five years, includes a diverse array of security services and utilises many of G4S's core and niche products, including: security systems maintenance and installation; patrol & alarm response; manned security services; security management and consultancy; reception services; canine; bespoke training; vacant property services; and remote CCTV/alarm monitoring.



UNDERLYING SERVICE LINE OPERATING REVIEW

9.9%

Growth in emerging markets secure solutions revenues

SECURE SOLUTIONS

The secure solutions businesses achieved 4.5% growth in revenue and 1.7% PBITA growth. Emerging markets revenues grew by 9.9% and PBITA grew 7.4% driven by revenue growth and cost efficiencies offset by the ending of the Manus Island contract in the Asia Middle East region in Q1 2014.

Developed market revenues grew by 1.9% with PBITA decreasing by 1.3%. There was good growth in North America, offset by declines in the UK & Ireland and Europe regions.

At constant exchange rates	Revenue £m			PBITA £m		
	2015	2014 Restated	YoY %	2015	2014 Restated	YoY %
Emerging Markets	1,891	1,721	9.9%	130	121	7.4%
Developed Markets	3,662	3,594	1.9%	230	233	(1.3)%
Total	5,553	5,315	4.5%	360	354	1.7%

13.2%

Growth in emerging markets cash solutions PBITA

CASH SOLUTIONS

Cash solutions revenues increased by 0.9% and PBITA grew by 6.4%, with PBITA rising to £60m in emerging markets and unchanged at £57m in developed markets. Revenue growth of 2.7% in emerging markets was impacted by reduced movements in commodities for our G4Si valuables and logistics business.

At constant exchange rates	Revenue £m			PBITA £m		
	2015	2014	YoY %	2015	2014	YoY %
Emerging Markets	375	365	2.7%	60	53	13.2%
Developed Markets	505	507	(0.4)%	57	57	0.0%
Total	880	872	0.9%	117	110	6.4%

16.7%

Reduction in corporate costs

CORPORATE COSTS

Corporate costs comprise the costs of the plc board and central function costs of running the group including executive, governance and support functions. Corporate costs are typically stated after allocation of recharges to the regions. The year on year reduction in corporate costs arises principally from organisational efficiency programmes offset by the investment in procurement and IT capability.

At constant exchange rates	Revenue £m			PBITA £m		
	2015	2014	YoY %	2015	2014	YoY %
Corporate costs	n/a	n/a	n/a	(50)	(60)	16.7%

AN INTEGRAL PART OF DAY-TO-DAY MANAGEMENT

Our aim is to gain a deep understanding of the principal risks we face at all levels of the business and to focus management attention on effective mitigation of the most critical risks.

Our risks

The last year has continued to highlight the dynamic nature of the markets in which G4S operates. The geo-political situation in the Middle East has continued to worsen, with its tragic consequences now directly impacting western countries. Economic recovery has strengthened in developed markets, albeit unevenly. However the fall in the oil price and the slowdowns in China and Brazil have had negative impacts across developing markets, particularly in the extractive industries. G4S also continues to face the operational and health and safety risks which are particular to the security business, along with the financial control and commercial risks common to all multinational companies.

What we did in 2015

Our risks are captured in a global risk reporting information system. These risks are reviewed formally at least annually by the operating companies and global functions. The principal residual risks to the group as a whole are discussed in depth by the Group Executive Committee (GEC). The board Risk Committee reviews the most significant risks on a regular basis, and the board reviews regularly the overall impact of these major risks on the group's activities.

During 2015 the Regional Risk and Audit Committees have driven improved risk management processes in the operating units, monitoring the quality of risk registers and the progress against planned mitigating actions. The new

Governance Risk and Control (GRC) information system has been implemented and the previous risk management system retired. The board risk appetite has been included to enable comparison of reported residual risk against appetite.

What we will do in 2016

We are conducting a thorough review of all group mandated control standards. These have been developed over many years and their clarity, consistency and focus can be improved. This will facilitate improved understanding and compliance by operating unit management teams of those controls which have the most material impact on the management of our key risks. Control self-assessments on this revised control set will be conducted annually (bi-annually for financial controls) by operating units using the GRC system. Audit programmes will be adjusted to match the revised control set. Using GRC we will improve the quality of reporting of compliance with group control standards and board risk appetite. This will facilitate focusing improvement efforts on those parts of the business which most need it.

We believe that the progress made in driving risk management quality over the last two years allows us to now push more accountability for risk management to the operating unit level. Therefore in the coming year the Regional Risk and Audit Committees will be focused on financial judgments and reporting on closure of external audit management letter points and internal audit findings. However, given the nature of the business in the UK the Risk and Audit Committee in that region will continue to cover the same detailed agenda as in 2015. Enterprise risk management will be embedded more tightly into operating business unit management. There will be a thorough annual review of the risk register as an integral part of the annual planning process. Updates to risk levels and mitigating action progress will be incorporated into operating unit senior management meetings and trading reviews of countries by regional management. Regional level risks will be maintained in the regional registers and reviewed during regional trading reviews by group management.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the directors have assessed the viability of the group over a three year period, aligned with that of the group's rolling planning cycle, taking into account the group's current position and the potential impact of the principal risks documented on pages 48 to 54. Planning beyond three years is seen by the group as being of limited value due to:

- The vast majority of the group's contracts being for one year;
- The correlation of demand for security services with the very volatile global economy; and
- The impact of the group's ongoing transformation programme.

The group's prospects are assessed primarily through its bottom up strategic planning cycle. The overall strategy for the group was refreshed comprehensively in November 2013 and the board has monitored progress closely against this strategy as well as the risks to its success. The 2015 process commenced in June with each country and business unit

updating its rolling three year strategic plan and considering the risks to that plan's achievement. These plans were reviewed and refined by regional management and then by the Group Executive Committee before being reviewed and endorsed by the board in December 2015. The key assumptions in the financial forecasts, reflecting the overall strategy, include:

- A continued demand for security services, as set out on pages 14 to 15 of the strategic report
- An ability to continue to drive through our productivity programmes and to flex the cost base as set out on pages 24 to 26
- Continuing to improve the operating cashflow performance of the group as set out on pages 28 to 29

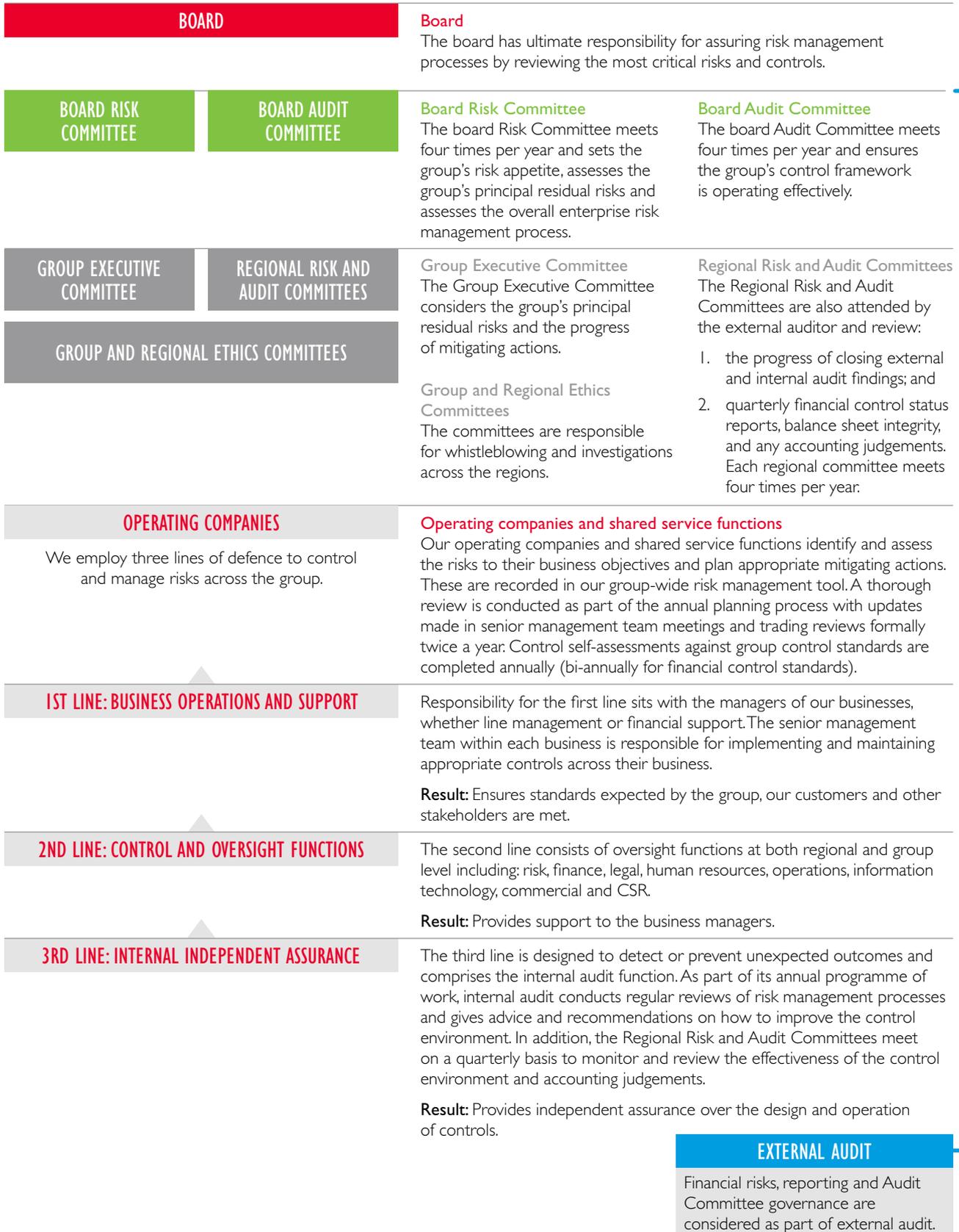
The output of this plan is used as the baseline for stress testing covenant and headroom analysis. It includes a review and sensitivity analysis to changes in trading conditions affecting profit growth and the capital needs of the

business, as well as the principal residual risks.

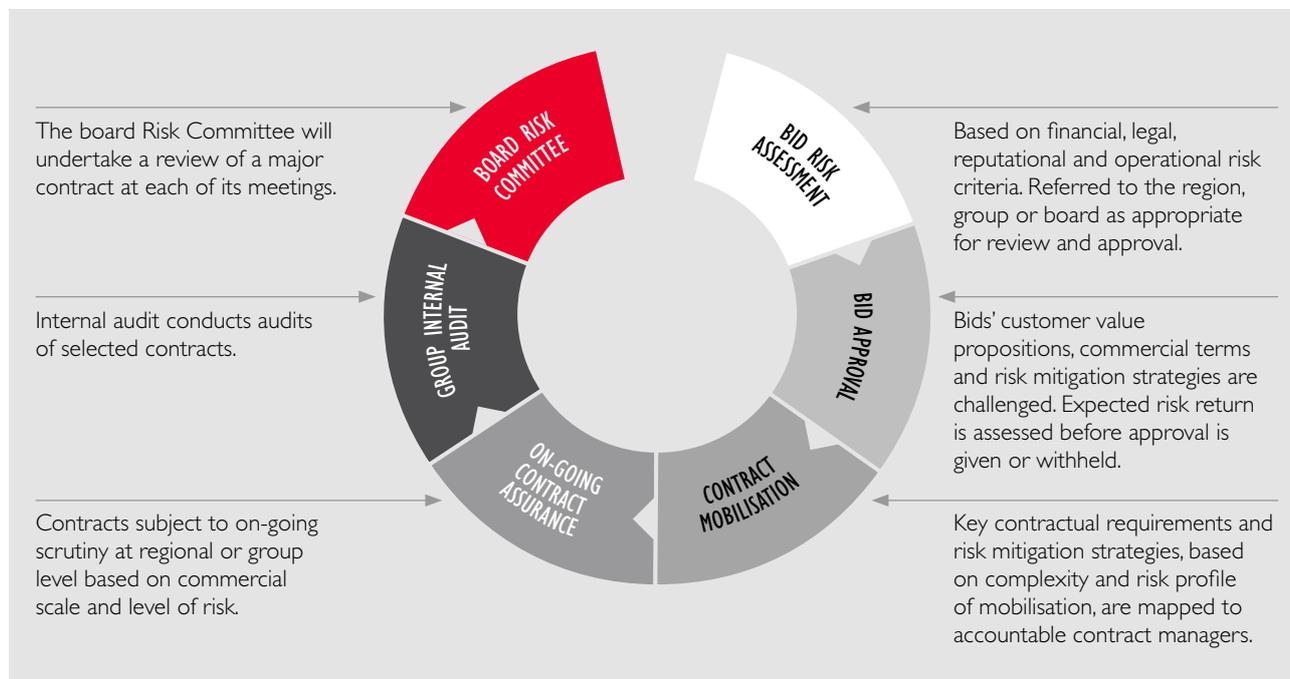
The vast majority of the group's risks exist at an individual country level and are individually immaterial. The principal residual risks described on pages 48 to 54 are an aggregate view of the approximately 1,500 individual risks captured in country, regional and group functional risk registers. The individual risk assessments of likelihood and financial impact have been aggregated to provide a range of overall impacts from expected to pessimistic which have been used to inform the sensitivity analysis. The most significant risks financially are growth strategy and laws and regulations.

The directors consider that this stress-testing based assessment of the group's prospects is reasonable in the circumstances of the inherent uncertainty involved. Based on this assessment, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three financial years to 31 December 2018.

ENTERPRISE RISK MANAGEMENT GOVERNANCE MODEL



CONTRACT RISK MANAGEMENT AND GOVERNANCE MODEL



What are the key risks faced by G4S?

Countries reviewed their risks and updated their plans as part of the strategic planning process in 2015. These were then considered at a regional level before group risk management and the office of the CFO consolidated them and identified common themes and regional risks which were material to the group. The GEC and board also discussed the group's key risks as part of the annual strategy review process. These "bottom up" and "top down" perspectives on risk are used by the responsible members of the GEC, supported by the group risk function, to formulate the group's principal residual risks. The board's Risk Committee approved them in March 2016. The group's principal residual risks must be considered in the context of the board's risk appetite, which can be summarised as follows:

G4S operates in high risk areas of business in which our core competence and value add to customers is managing those risks effectively. We have a higher risk

appetite to growing and transforming the business when we have the expertise to deliver and achieve a good commercial return on the risk we are accepting from our customers.

There are many opportunities for growth and as discussed on page 21, there are many actions to drive the growth agenda through:

- Sales and business development capability
- Sales performance measures in all businesses to drive growth, customer retention and customer satisfaction
- Customer engagement and retention
- Implementation of a standard tool to manage customer satisfaction
- Global account management
- Industry sector specialists such as Oil and Gas
- New service development and innovation
- Pricing policy and management and the roll-out of Salesforce.com globally

There are many opportunities to improve productivity as discussed on pages 24 to 26 and set ambitious programmes of change and improvement. However in delivering this agenda of change and growth we need to effectively manage the risks we are taking on:

- By assessing the risks of major contracts thoroughly; applying the best resources and our expertise; and hence putting in place mitigation strategies which will control the risks to a commercially acceptable level;
- By applying commercial and financial discipline and controls to manage our growth opportunities; and
- By applying effective programme and project management to our change agenda.

HEALTH AND SAFETY (H&S)



Risk description

The provision of security services in hostile or dangerous circumstances presents particular health and safety challenges. The business operates a large vehicle fleet in a number of countries with poor road infrastructures, increasing the risk of road traffic incidents. In 2015, 46 (2014: 41) employees lost their lives in work related incidents. Fatalities and injuries to our staff impact not only the individuals concerned, but also their families and loved ones.

Risk mitigation approach

The protection of our staff, people in our care or custody, and third parties including the public, is of utmost importance. We believe that accidents are preventable and that 'zero fatalities' is an appropriate goal. We are committed to continuous improvement of our health and safety systems, processes and

cultures. The group has mandatory health and safety controls which all companies are required to implement. Mandatory health and safety training for senior leaders, focusing on safety leadership and culture, has been completed by more than 1,000 managers. Lessons learned during the investigation of serious incidents are communicated in Safety First bulletins and are used to revise the group's health and safety standards to better address the risks that led to these incidents. A road safety policy is issued to all businesses, a number of which also run local programmes on topics such as speed management and motorcycle safety. As part of our continuing programme of detailed assessments of H&S practices in a number of high-risk countries, follow-up reviews were conducted in order to derive assurance that businesses have implemented the

improvement actions which they committed to. Unfortunately, this progress has not yet been evident in a reduction in the number of fatalities.

Mitigation priorities for 2016

We will continue to drive behavioural change so that people take personal responsibility for role modelling good health and safety behaviours and for ensuring compliance with operational procedures. We will be embedding best practices, standards and behaviours at supervisory levels, and conducting safety "stand downs" after each major incident. We will conduct interventions to support selected businesses in delivering improved health and safety performance.

CULTURE AND VALUES



Risk description

G4S provides security to people, premises and valuable assets. In its care and justice services businesses it also provides services to detainees, victims of crime, people needing state assistance, vulnerable people and other members of the public. This requires our staff to conduct themselves with the utmost integrity. We operate in many different countries around the world with a diversity of local and national cultures. Having a strong set of corporate values that unite the organisation, deeply embedded in our culture, is of particular importance.

If we fail to behave in accordance with the high standards that we set ourselves there is a risk that we will not deliver on our commitment to customers, and fail to comply with legislation and international standards.

Risk mitigation approach

The group has a strong set of corporate values which are embedded

in training, displayed very publicly in our offices around the world and reflected in management performance contracts. During 2015 we conducted a review of these values, recognising that they were originally developed in 2004. Whilst many elements of the original values remain relevant to our business strategy today, we believe that they now better reflect the standards we expect from our staff and the commitments we make to our stakeholders. More information on our new values can be found on page 17.

We have a global whistleblowing process and central whistleblowing case management system in place which provides us with visibility of whistleblowing issues and helps us to assess trends and root causes. We have ethics steering groups at group level and in each region which oversee the whistleblowing investigation process and provide guidance to countries on ethical matters.

Mitigation priorities for 2016

Our revised corporate values will be re-launched to the organisation and our stakeholders. This will be supported by an employee engagement programme to ensure they are embedded in our core processes for selecting, hiring, on-boarding, training and development of our colleagues around the world. They will also be a key element of how we assess the performance of our leaders and the basis on which our other corporate policies and standards will develop.

In the UK & Ireland business we have a strong focus on the awareness of our corporate values and the whistleblowing process in prisons and other secure establishments. Members of our Group Executive Committee are undertaking a programme of visits to these locations to help ensure this is embedded successfully.

Link to strategic priorities



People & value



Growth



Innovation



Service excellence



Operational excellence



Financial discipline

PEOPLE



Risk description

We are the largest employer listed on the London Stock Exchange, employing 610,000 people world-wide, and the largest security solutions provider in the world. In a global and diverse business such as ours, there are risks associated with recruiting, motivating, developing and training employees on a large scale, as well as rewarding appropriately and retaining our critical talent and ensuring effective succession in management roles. Screening is also a particular challenge in some territories which lack supporting infrastructure from the relevant authorities.

Risk mitigation approach

The group has mandatory human resources controls which all countries are required to implement. In those territories where local circumstances make it impossible to fully comply with the screening and vetting elements, we identify alternative measures, approved by

group human resources, to mitigate the risk as much as possible.

In 2015, we undertook our fourth global employee engagement survey. 449,000 employees responded, approximately 73% of the workforce. The survey data helps shape our group-wide human resources and engagement strategies, as well as providing our management and supervisors at a local level with information on key issues impacting employee engagement levels. Information regarding the outcomes of our engagement survey can be found in the People and Values section of this report on page 18.

We review in detail the performance and potential of approximately 3,000 managers across the group to help identify development needs and build succession plans. We also run a regional leadership programme to nurture talented individuals early in their careers and develop them into more senior roles as they move through the organisation.

The employee survey and country risk registers have both shown improvement in overall employee engagement.

Mitigation priorities for 2016

Following feedback from the management survey in 2015 a review of incentives took place. They will continue to be scrutinised to ensure they are driving sustainable performance and the link between individual contribution and reward remains clear. Other feedback in the survey related to opportunities for career development. Further modules will be added to the regional leadership programme and some of the programme materials will be made more widely available to other managers who wish to make use of them to support their long term development.

BRAND AND REPUTATION



Risk description

We provide our customers across the world a wide range of high quality, well controlled services. Nevertheless the nature of the group's activities means that we can face high inherent reputational risks related to the countries in which we operate, the services which we provide, the customers and suppliers with which we work, the people in our care and our interactions with members of the public with whom our colleagues come into contact.

When we fail to meet either our own standards or the expectations of our key stakeholders there is the potential for negative impact upon our customers, suppliers, the people in our care or the communities in which we work. This adverse impact on our key stakeholders is likely to lead to damage to the group's reputation.

Risk mitigation approach

The mitigation approach described under the culture and values risk and others play an important part in maintaining our reputation. Additionally, our human rights framework is embedded in key systems and business decision-making processes across the group, such as evaluating new market entries, analysing the risks of entering into major new contracts or operational areas. We have a central media relations team which actively engages with commentators and critics.

The serious events at the Medway facility have put G4S in the public eye, increasing our reputational risk.



[See the 2015 CSR report for more information.](#)

Mitigation priorities for 2016

We will continue to focus on building colleagues' sense of responsibility to report issues, and ensuring they feel confident and safe that they can raise concerns that will be taken seriously and treated positively. We are re-launching and further embedding our values, clarifying the expected behaviours of our people. We are developing and implementing a political risk management process. Human rights will continue to form an important part of our risk assessment and mitigation process, with the implementation of a new control-self assessment for businesses operating in high risk countries.

[Link to strategic priorities](#)



People & value



Growth



Innovation



Service excellence



Operational excellence



Financial discipline

MAJOR CONTRACTS



Risk description

The group has a number of long term, complex, high value contracts with multi-national, government or other strategic customers. For such contracts there are risks to the group accepting onerous contractual terms; mobilising contracts; transitioning effectively from mobilisation to on-going contract management; delivering to contractual requirements; managing complex billing arrangements; managing contract change control; and managing sub-contractors. Failure to ensure effective contract take-on, mobilise successfully and manage complex contracts effectively throughout their lifecycles can impact the group's liabilities, customer satisfaction, reputation, revenue, cash flow, growth and profitability.

Risk mitigation approach

We have strict thresholds for the approval of major bids involving both detailed legal review and senior management oversight. These are embedded into our Salesforce opportunity management tool. When appropriate we conduct external reviews of bid models. For our most significant running contracts, primarily in the UK, we perform 360° reviews of all aspects of contract management and performance. Internal Audit perform focused contract audits of the most complex contracts. We have also continued to perform a quarterly financial review of the top 25 contracts in each region. We believe that the improvements we have made to controls in this area over the last two years have significantly reduced the risk of

taking on new contracts which will become materially onerous.

Mitigation priorities for 2016

We will continue to enhance the contract pre-signing review process, taking account of lessons learned from any underperforming contracts. An increased proportion of group internal audit reviews in the UK business will focus on major contracts.

DELIVERY OF CORE SERVICE LINES



Risk description

We deliver our core secure solutions services in 84 markets and our core cash solutions services in 48 markets. A number of these businesses have been acquired over time, resulting in cultural differences, varying degrees of operational maturity and a multiplicity of information systems.

This can create risks around core operational service delivery and supporting functions. Failure to meet the service delivery requirements of our customers, because we have not implemented the right solutions or followed appropriate agreed procedures, can create risks around cash losses, attacks on our staff, subcontractors or third parties and the non-delivery of the service level agreements and KPIs agreed with our customers.

Additional risks relate to business resilience, including from climate

change such as extreme weather or mass migration, control systems, and the availability of critical systems, facilities and people to perform contractually agreed services.

This can lead to financial penalties, and negatively impact customer retention and goodwill, to the detriment of financial performance.

Risk mitigation approach

G4S has a set of global best practice service delivery guidelines for both secure solutions and cash service lines. It is the responsibility of regional management to work with countries to progressively adopt these standards. Risks to resilience arising from climate change are considered on an on-going basis by relevant country management teams. A new intranet has been launched in early 2016, bringing together 65,000 users in G4S worldwide. This gives all of our intranet users common access to

news and corporate information, and enable our people to share best practice and interact with colleagues from around the globe, in innovative and exciting ways.

Mitigation priorities for 2016

We have initiated a programme to deliver a global information system supporting the end to end Order to Cash process in our secure solutions service lines. This will be based on commercial best practice for finance and HR and G4S best practice for operational delivery. The programme will be piloted initially in our UK & Ireland businesses and then be rolled out globally over a number of years. This will seek to transform our cost structure, strengthen our control environment and provide a platform for embedding our service delivery standards globally, thus transforming the quality of our customers' experience.

LAWS AND REGULATIONS



Risk description

G4S operates in many jurisdictions globally, with complex and diverse regulatory frameworks. An additional complexity arises from the extraterritorial reach of some of the legislation to which the group is subject.

Risks include increasing litigation and class actions; bribery and corruption; obtaining operating licences; complying with local tax regulations; changes to employment legislation; complying with human rights legislation; and new or changed restrictions on foreign ownership. Risk also arises from new or changing regulations which require modification of our processes and staff training.

Not being compliant with applicable laws and regulations can have far reaching consequences, including higher costs from claims and litigation; inability to operate in certain jurisdictions, either through direct ownership or joint ventures; loss of management control; damage to our reputation; and loss of customer confidence.

Risk mitigation approach

Our internal policies and procedures clearly set out that most of these risks, including compliance with local laws and regulations, are the direct responsibility of local management. Ethics steering groups at group and regional level are in place to provide oversight and support compliance with the internal policies and procedures to mitigate the risks. Specifically, whilst ownership of implementing anti-bribery and corruption policies lies with the business managing directors, our legal community has compliance oversight with a direct escalation route to the group legal counsel.

Group legal and regional leadership closely monitor risks of changes in foreign ownership laws and make appropriate plans to respond. G4S continues to liaise with relevant governments and authorities to influence positively the regulatory environments in which we work.

Mitigation priorities for 2016

We will be implementing a process for political risk management to ensure that we are monitoring regulatory and other emerging political risks within our key markets. This process will be supported by a programme to enhance our engagement with regulators, politicians and political influencers across the group.

GROWTH STRATEGY



Risk description

Our growth strategy is to leverage our expertise to drive innovation in our core service lines which delivers more value to our customers and so increases long-term customer partnerships.

There are risks that we will fail to create higher value solutions that differentiate us from local commoditised competitors; that we will lose contracts or growth opportunities through price competition and market changes; that we fail to enter target markets successfully; that we become over-reliant on large customers; and that adverse government legislation changes could impact on our growth potential or force exit from markets and territories.

Risk mitigation approach

Our development of new service offerings, particularly in electronic security and cash solutions, is focused on those centres of excellence where we have the strongest capability. We then leverage our global networks to offer these services globally. In particular, our global accounts programme supports and promotes our multinational accounts and focuses on cross-selling our more specialist services such as investigations and secure logistics. Our 'outbound' programme works with Chinese and North American multinational customers to provide services to them on a global scale. We have seen a deceleration in growth opportunities in developing markets, which we mitigate through the diversity of industries and markets

we are able to serve and by leveraging our portfolio of products to offer alternative cost efficient solutions to those industries with a requirement to adjust their investments in security.

Mitigation priorities for 2016

We continue to invest in and develop our sales and business development systems and capabilities. We are placing a renewed focus on customer satisfaction monitoring to improve measurement of our engagement with our clients and therefore making us more effective in driving stronger customer relationships. We are further developing our customer relationship management tools to embed core measurement and reporting of our service level agreements and key performance indicators with customers.

Link to strategic priorities



People & value



Growth



Innovation



Service excellence



Operational excellence



Financial discipline

GEO-POLITICAL



Risk description

We operate in many countries across the developed and developing world, with wide-ranging government and political systems, differing cultural landscapes, and varying degrees of rule of law; and within conflict and post-conflict zones. The risk factors range from political volatility, revolution, terrorism, military intervention and insurgency. The geo-political risks we face impact us in many ways: the health and safety of our staff and customers; the continued operation of our businesses; and the ability to secure our assets and recover our profits.

Risk mitigation approach

We perceive the external threat to have increased, given terrorist

attacks such as those in Paris in November 2015 or Jakarta in January 2016, continued seizure of territory by Islamic State, tensions in Ukraine and Yemen and the potential increase in political instability and the risk of civil unrest in parts of Africa and Latin America. Given the wide range of countries in which the group operates there will always be some with a degree of serious political instability. We have a global process for assessing the geopolitical risks of different countries which determines the types of customers we will serve and the types of services we will provide.

We have a great deal of experience of operating in a wide range of difficult territories. We collaborate with our local partners and/or

agents; conduct early risk assessments before and during security assignments; have robust operating procedures; and work closely with our local and global customers in managing the risks of operating in such environments. Our G4S Risk Management business has particular expertise in providing secure solutions in very high risk, low infrastructure environments.

Mitigation priorities for 2016

We will be implementing a process for political risk management to enhance our monitoring of emerging political risks within our key markets.

INFORMATION SECURITY



Risk description

The customers, staff, suppliers and partners of G4S which entrust their sensitive and confidential business information into our care rightly expect that we take all reasonable steps to protect it.

Given G4S' high profile, we are at risk of cyber and physical attack by criminal organisations and individual hackers. There is also the risk that an individual with legitimate access to business information could disclose it inappropriately, or that an insider could disrupt availability of key systems.

An information security breach could result in: censure and fines by national governments; loss of confidence in the G4S brand and reputation; specific loss of trust by customers, especially those in government and financial sectors;

and disruption to service delivery and integrity, particularly in cash solutions operations.

Risk mitigation approach

G4S has implemented "defence-in-depth" technologies (i.e. multiple layers of defence) in key systems to protect business information entrusted to us. We have mandatory policies and best practice guidance for application by operating businesses across the group. Our minimum mandatory security controls are continually refined and updated in line with our assessment of threats. Compliance with the controls is measured through self-assessment and independently audited by group internal audit.

In early 2016, G4S migrated successfully all its businesses to one unified office productivity suite,

Google Apps, covering around 65,000 employees. This gives us improved controls and security of email and corporate documents.

Mitigation priorities for 2016

We continue to protect our corporate information in line with recognised best practice, and select the appropriate security enforcing controls required in each of our information systems. Our mitigations reflect the G4S IT strategies, local operating conditions and the corporate risk appetite.

Link to strategic priorities



People & value



Growth



Innovation



Service excellence



Operational excellence



Financial discipline

CASH LOSSES

Risk description

We have cash solutions businesses spread across the world responsible for cash held on behalf of our customers. We provide cash transportation from one site to another in high security vehicles, a range of cash management services including secure storage, counting, reconciliation and sorting of notes for ATMs; a range of ATM services; and secure storage and international transportation of cash and valuables.

There are inherent risks in this business related to external attacks, internal theft and poor cash reconciliation.

Cash losses can have a major impact for our customers and G4S in respect of loss of profit, increased cost of insurance and health and safety considerations for our staff and the public.

Risk mitigation approach

We have clearly defined standards for reconciliation and operational cash controls. The group internal audit cash reconciliation team is responsible for auditing compliance with these standards. An e-learning "academy" for cash reconciliation and control, has been developed during 2015.



We also have clearly defined standards for physical cash security. The group cash security function is responsible for monitoring compliance with these; for monitoring attacks and other cash losses; and for communicating lessons learned. Innovative security defence products are in use, ranging from cash box tracking to vehicle protection foam and protective boxes.

Mitigation priorities for 2016

We will be rolling out the e-learning "academy" as a vehicle for driving continuous improvement in cash reconciliation.

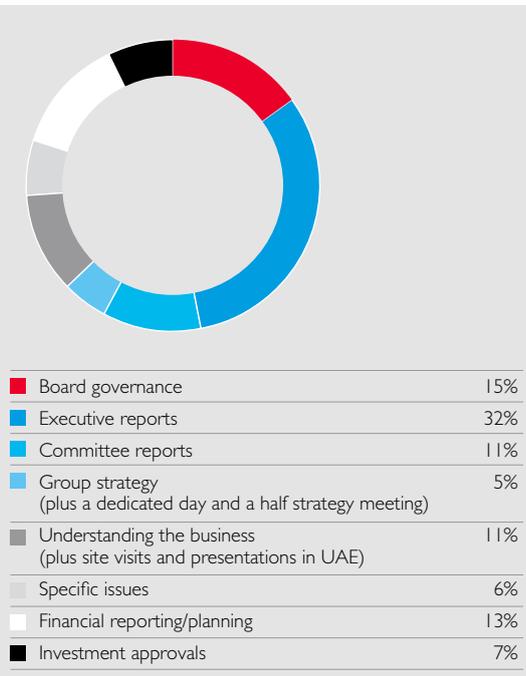
IN THIS SECTION

Board of directors	56
Executive committee	58
Corporate governance report	60
Audit Committee report	68
Directors' remuneration report	74
Directors' report	91
Directors' responsibilities	95

Board highlights 2015

- Monitored the progress of the corporate renewal process agreed with the UK Government
- Conducted visits to four business sites in UAE, with board members also visiting business sites in the UK and South Africa
- Received in-depth presentations on the Africa and UK & Ireland regions and the group's procurement and portfolio management strategy
- Conducted a review of the group's business strategy
- Transitioned to a new external auditor
- Continued to focus on the health and safety of employees
- Undertook additional risk reviews required by the revised Corporate Governance Code
- Conducted a review of its own performance

Board priorities in 2015 (%)



John Connolly
Chairman

CONTINUED COMMITMENT TO GOOD GOVERNANCE

“As chairman, I am encouraged by the UK Corporate Governance Code to report on how the Code's principles relating to the role and effectiveness of the board have been applied. This section of the company's annual report and accounts explains the role of the board and how it operates, my role as chairman and the mechanisms we adopt to comply with the principles embodied in the Code. More importantly, it explains how the governance processes we maintain are designed to help deliver long term sustainable value for shareholders.”

We remain mindful that governance should not be a procedural straightjacket which inhibits entrepreneurship, but we do not lose sight of the need to ensure careful stewardship of the company and its resources.

This report sets out the details of the work of the board over the last year and the processes it adopts, including the mechanisms by which the board satisfies itself that adequate controls are maintained throughout the group and that systems are in place to preserve value for the company's stakeholders.

During the year we made changes to the board. As explained in last year's report, two directors stood down, as Grahame Gibson retired from the group and Mark Seligman reached the end of his tenure as an independent non-executive. We have recruited a new non-executive director with John Daly's appointment in June and we are looking to strengthen the experience and balance of the board with two further non-executive appointments during 2016.

As usual, the board has undertaken a thorough evaluation of its own performance and of that of each of its committees. The lessons learned from this review have been fed into the board's priorities for 2016 and, as a consequence, we will focus on ensuring the board's understanding of the group is further developed, that the new members of the senior management team are integrated well and quickly and that the execution of the group's strategy proceeds to plan. More details of the evaluation and the board's priorities can be found on page 61.

In 2016 the board's expectation is that the group will continue to build on the progress that has been achieved in the last couple of years, but that strict adherence to prudent management principles will continue to be applied and monitored not only by the board, but also throughout the group.

John Connolly
Chairman

Board of directors



1. John Connolly

Non-executive director/
Chairman of the board

Ri N

Appointed June 2012

Key strengths and experience:

Developing the board and its governance of the group. Extensive experience of working in a global business environment and in sectors of strategic importance to the group.

A chartered accountant, John spent his career until May 2011 with global professional services firm Deloitte, was Global Chairman between 2007 and 2011, and prior to that Global Managing Director between 2003 and 2007. He was Senior Partner and CEO of the UK partnership from 1999 until his retirement from the firm.

Current external commitments:

Chairman of Amec Foster Wheeler plc and director of a number of small private companies.

Beyond commercial business roles, he is the chairman of the Great Ormond Street Hospital Charity board of trustees.

3. Adam Crozier

Non-executive director

N A

Appointed January 2013

Key strengths and experience:

Wide-ranging experience of business transformation in a number of public and private sector organisations in the media, logistics and retail sectors and a serving FTSE 100 CEO.

Started his career with Mars before joining the Daily Telegraph followed by Saatchi and Saatchi, where he became joint chief executive. He then became chief executive of the Football Association and was subsequently appointed chief executive of the Royal Mail Group, where he oversaw an extensive programme of modernisation and change to enable the business to compete in the UK and international marketplaces. Since April 2010 he has been chief executive of ITV plc. Will retire from the board at the conclusion of the 2016 AGM.

Current external commitments:

Chief executive of ITV plc.



2. Ashley Almanza

Executive director/Chief executive

Ri

Appointed May 2013

Key strengths and experience:

Extensive board and executive management experience and strong track record working across international borders in complex businesses. Held a number of senior executive roles at BG Group from 1993 to 2012, including Chief Financial Officer from 2002 to 2011 and Executive Vice President from 2009 to 2012. As Executive Vice President he was accountable during 2009 and 2010 for BG Group's UK, European and Central Asian businesses.

He holds an MBA from London Business School.

Current external commitments:

Non-executive director of Schroders plc and Noble Corporation. Board member of the Ligue Internationale des Sociétés de Surveillance. He retires from the board of Schroders on 28 April 2016.

4. John Daly

Non-executive director

Re A

Appointed June 2015

Key strengths and experience:

After an early career in sales and marketing with Schering-Plough, Pennwalt Corporation, Bristol-Myers Pharmaceuticals and Johnson & Johnson, joined British American Tobacco (BAT) in 1994. Held various executive leadership positions at BAT over the course of 20 years in Europe, the Middle East and Asia. Most recent positions at BAT were Chief Operating Officer (from 2010 to 2014) and Regional Director for Asia Pacific, based in Hong Kong (from 2004 to 2010).

Current external commitments:

Non-executive director of Wolseley plc and Britvic plc.



5. Mark Elliott

Non-executive director/Senior independent director

N Re

Appointed September 2006

Key strengths and experience:

Extensive international board and executive experience having held a number of senior management positions at IBM, including leadership



of IBM's operations in Europe, the Middle East and Africa with responsibility for operations in more than 110 countries. General Manager IBM Global Solutions; Managing Director of IBM Europe, Middle East and Africa; member of the board of IBAX, a hospital software company jointly owned by IBM and Baxter Healthcare; formerly chairman of Reed Elsevier's remuneration committee. Will retire from the board at the conclusion of the 2016 AGM.

Current external commitments:

Non-executive chairman of QinetiQ Group plc and chairman of Kodak Alaris Holdings Limited.

6. Winnie Kin Wah Fok

Non-executive director



Appointed October 2010

Key strengths and experience:

International board and senior management experience with extensive knowledge of Asian markets and strong involvement in Scandinavia.

An auditor by training, was involved in management positions in finance, audit and corporate advisory work and a wide range of roles in asset management firms investing with a focus in Asia. Senior partner of EQT and CEO of EQT Partners Asia Limited; managing director of CEF New Asia Partners Limited.

Current external commitments:

Senior advisor to Wallenberg Foundations AB; non-executive director of Volvo Car Corporation; SEB AB, and Kemira Oyj and an investment committee member for the HOPU Investment Fund.

7. Himanshu Raja

Executive director/
Chief financial officer



Appointed October 2013

Key strengths and experience:

Strong track record as a financial executive in global services businesses.

As well as having responsibility for all core finance functions including tax, audit, treasury and investor relations, Himanshu oversees IT and procurement for G4S globally.

Prior to joining G4S, Himanshu was CFO at Misys, and from 2010 to 2012 he was CFO of Logica plc.

Key to committee membership

Nomination

CSR

Risk

Audit

Remuneration

Himanshu worked for more than 10 years at BT Group in a number of divisional finance director roles including Chief Financial Officer of BT Global Services, BT Design, BT Operate and BT Wholesale. His early career included finance and systems roles at Worldcom International, UUNET and MFS.

Himanshu is a qualified chartered accountant and holds an honours degree in law.

Current external commitments:

None

8. Paul Spence

Non-executive director



Appointed January 2013

Key strengths and experience:

In-depth knowledge of outsourcing in both the public and private sectors and extensive international experience in key developing countries such as India, China and Brazil. A graduate of the Wharton School at the University of Pennsylvania with a degree in economics and decision sciences; served a 30-year career with Capgemini and its predecessors. Having started in the US and become managing partner of mid-Atlantic information and technology for Ernst & Young, he went on to gain significant international experience for 16 years as managing partner of Ernst & Young Consulting Australia, CEO of Capgemini Ernst & Young in Asia and CEO Capgemini Ernst & Young UK. He then spent eight years serving on Capgemini's executive management committee during which time his roles included deputy group CEO and CEO of Capgemini Global Outsourcing Services.

Current external commitments:

Non-executive director of Actual Experience plc.

9. Clare Spottiswoode

Non-executive director



Appointed June 2010

Key strengths and experience:

Considerable experience in the public sector, the energy markets and the financial services sector as well as setting up and managing her own businesses. A mathematician and economist by training, worked for the UK Treasury, director general of Ofgas, the UK gas regulator; policyholder advocate for Norwich Union's with-profits policyholders at Aviva and a member of the Independent Commission on Banking and the Future of Banking Commission.

Current external commitments:

Chairman of Flow Group plc; non-executive director of Ilika plc, Enquest plc, Partnership Assurance Group plc and BW Offshore Limited as well as being a director of a number of private companies. Clare will stand down from the board of Enquest plc in June 2016.

10. Tim Weller

Non-executive director



Appointed April 2013

Key strengths and experience:

Significant experience of the energy and utilities sectors and serving FTSE 250 CFO. An accountant by training, joined KPMG in 1985, rising to partnership in 1997 before joining Granada plc as director of financial control. Between 2002 and 2010, he gained significant further experience in the energy and utilities sectors holding CFO positions with Innogy (one of the UK's leading integrated energy companies at the time), RWE Thames Water (the world's third largest water and wastewater service company) and United Utilities Group PLC (a UK-based water and wastewater service company). He was Chief Financial Officer of Cable & Wireless Worldwide plc between 2010 and 2011.

Current external commitments:

CFO of Petrofac Limited, the international oil and gas service provider and a non-executive director of the Carbon Trust.

Executive Committee



1



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4



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6



7



8



9



10



11



12



13

1. Ashley Almanza

Chief Executive Officer

See page 56 for full biography

2. Claude Allain

Regional President,
Middle East & India

Claude joined G4S as Regional President, Middle East & India in January 2016.

Claude has a proven track record leading global organisations. Prior to joining G4S, he was vice president and general manager for Johnson Controls Middle-East & Africa and he had several general management positions in Southern Europe, Eastern-Europe and North America and Middle-East.

Claude brings a wealth of experience in service and technology industries, having previously held senior business development and general management roles in Honeywell, Emerson and Invensys.

Claude holds a bachelor's degree in Chemical and Physic Science from University of Rennes, a Master in Finance from ICG and also graduated from INSEAD.

3. Martin Alvarez

Regional President, Latin America

Martin joined G4S as Regional President, Latin America and Caribbean in 2013.

Martin has extensive experience working and living in the Latin America Region for over 15 years and a wealth of experience in strategic commercial and operational roles. Martin joined G4S from Dell, where he served eight years in regional roles, finishing as executive director of multi-country Latin America (MCLA), responsible for 38 countries, more than US \$1 billion in revenue and the Americas Shared Service Centre with over 3,000 employees. Prior to Dell, Martin spent 10 years with DHL holding various management and leadership roles including Sr.Vice President, DHL Mexico, and General Manager for several other countries in the region and Global Accounts Director.

Martin has an MBA from IESE in Barcelona and a bachelor's degree in International Trade and Finance from Louisiana State University.

4. Mel Brooks

Regional President, Africa

Mel was appointed Regional President, Africa in May 2015.

Mel's previous roles within G4S as Group Strategy & Commercial Director and CEO for G4S India have shown Mel's ability to transform businesses, focusing on key customer segments and improving customer service and sales.

Prior to joining G4S, Mel held a number of senior line and functional roles in the defence and technology industry where he was responsible for service line and commercial strategies, technology development and leadership of a number of business unit turnaround programmes.

5. Jon Corner

Regional President, Asia Pacific

Jon was appointed Regional President, Asia Pacific in October 2015.

Jon joined G4S in November 2012 as Regional Sales Director and has led the transformation of the commercial function across the Asia Middle East Region over the past three years.

Prior to joining G4S, Jon was the executive vice president for Inchcape Shipping Services, a maritime services company with offices in over 65 countries. Jon held various line and functional roles with Inchcape Shipping Services over a 13 year period.

6. John Kenning

Regional CEO, North America

John joined G4S in November 2014 to lead the North America region.

John has a proven track record leading global organisations. Prior to joining G4S, John was executive vice president and president, commercial business for OfficeMax where he led the global, business-to-business division. John was formerly president, North America commercial for ADT/Tyco Security Services, where he led the transformation of the business to a technology services leader and also led the separation of the residential and commercial security businesses in North America.

John is a board member for Miami University Advisory Athletic Board and past board member of the Make-a-Wish Foundation. John holds a bachelor's degree in business from Miami University.

7. Graham Levinsohn

Regional CEO, Europe

Graham became Regional CEO, Europe in November 2013. Graham has more than 20 years' experience in the security industry, having joined Securicor Cash Services in 1994 as general manager.

Since then, Graham has held a number of commercial and line management positions in both the cash and security lines of the business. Graham was responsible for the creation of the UK cash centres outsourcing business in 2001 as managing director; before moving on to become divisional managing director for G4S Cash Services UK, and then regional president, Nordics. He became group strategy and development director in 2008 and joined the executive committee in 2010.

Graham is a fellow of the Chartered Institute of Marketing, a director of COESS, and a member of the Ligue Internationale des Sociétés de Surveillance.

8. Søren Lundsberg-Nielsen

Group General Counsel

Søren began his career as a lawyer in Denmark and since 1984 he has had a wide range of legal experience as general counsel for international groups in Denmark, Belgium and the US before joining Group 4 Falck in 2001 as Group General Counsel.

Søren has been involved in a wide range of successful mergers and acquisitions during his career, including the acquisition of Wackenhut and the Group 4 Falck merger with Securicor.

Søren has overall responsibility for all internal and external legal services for G4S as well as the group's insurance programme.

Søren is non-executive director of Basico A/S, a member of the Danish Bar and Law Society, a member of the advisory board of the Danish UK Chamber of Commerce and author of the book *Executive Management Contracts*, published in Denmark.

9. Jenni Myles

Group HR Director

Jenni became Group HR Director in July 2015 and has extensive experience in employee engagement, talent management and organisational development, in addition to an understanding and insight of working with one of the largest private workforces in the world.

Jenni joined G4S in 1998 and has held several senior HR roles at both a group and regional level. As Director of Employee Engagement & HR, Jenni led the group's employee engagement and labour relations strategy and held general HR responsibility for Africa, Asia, Middle East & Latin America. As Chief HR Officer for the Americas region Jenni led the people and organisation strategy across 30 countries and over 100,000 employees.

Prior to joining G4S, Jenni held HR positions in a variety of business sectors such as automotive, FMCG and consulting. Jenni is a Fellow of the Chartered Institute of Personnel & Development (FCIPD).

10. Peter Neden

Regional President, UK & Ireland

Peter became Regional President of UK & Ireland in May 2015. Peter was previously Regional managing director of G4S Outsourcing Services for the UK & Ireland region.

Previous roles included responsibility for the business development programme within G4S in the UK and Africa regions, as well as a number of senior positions in both the commercial and government businesses across the group.

Prior to the merger between Group 4 Falck and Securicor, Peter was Securicor's development director; having joined the company in 2001. Peter's early career included a number of sales, marketing and general management roles within Centrica. Peter has a degree in economics from the University of Nottingham.

11. Himanshu Raja

Group Chief Financial Officer

See page 57 for full biography

12. Jesus Rosano

Group Strategy and Commercial Director

Jesus joined G4S in March 2014 as Regional Business Development SVP to lead the implementation of new commercial structures and processes through G4S Latin America. In 2015 his responsibilities expanded to Chief Operations Officer adding to his commercial role the responsibility to implement restructures and efficiency programs in operations across the Latin American businesses including Cash, Manned Services and Technology businesses. Jesus was appointed Group Strategy and Commercial Director in January 2016.

Jesus joined G4S from DHL, a logistics business-to-business global company, where he held various line, functional and regional roles in different markets in Latin America and North America. Before DHL, Jesus worked in strategy consulting and investment banking with projects in diverse industries. Jesus holds a bachelor's degree in Engineering and Administration from ITESM University, Mexico.

13. Debbie Walker

Group Corporate Affairs Director

Debbie is Group Corporate Affairs Director; heading the corporate communications team which focuses on the group's key audiences – media, government, employees and customers. Debbie is also responsible for the group's CSR and human rights strategies.

Prior to the merger between Group 4 Falck and Securicor, Debbie held a number of senior marketing and communications roles within the Securicor group from 1993 to 2004.

Debbie is also vice chairman of the CBI South East Regional Council (the representative body for all CBI member companies based in the South East of England and the Thames Valley), having previously served as chairman for two years.

Corporate governance report

OUR GOVERNANCE FRAMEWORK

The board leads the group's governance framework, setting broad strategic targets, monitoring progress, approving proposed actions and ensuring appropriate controls are in place and operating effectively.

Management decisions, development of strategies and policies and implementation of board decisions fall to the group executive committee.

Regional management teams have responsibility for businesses within their regions and are tasked with implementing policies and controls at business unit level, as well as ensuring they meet agreed financial and non-financial goals.

The presence of a majority of independent non-executive directors on the board ensures objectivity, challenge and debate.

It is the primary responsibility of the board to provide effective leadership for the group and this is achieved by, amongst other things, ensuring that decision making is conducted throughout the group within an improving internal control framework – and by setting values and standards.

There is a detailed schedule of matters which are reserved to the decision of the board.

These matters fall under 12 categories:

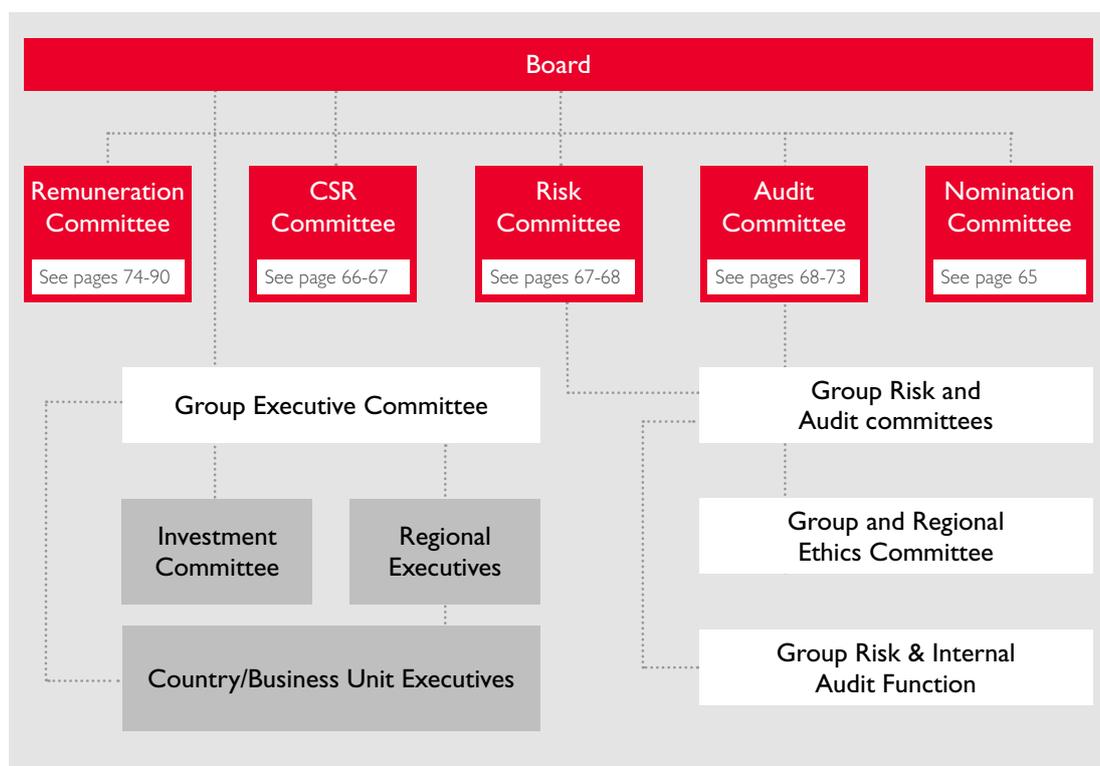
- Strategy and management
- Structure and capital
- Financial reporting and controls
- Risk and internal controls
- Contracts
- Communication
- Board membership and other appointments
- Remuneration
- Delegation of authority

- Corporate governance matters
- Policies
- Other matters – such as settling material litigation, making major changes to the group's pension scheme rules and the appointment of group advisors

By way of example, board approval is required for: unbudgeted capital projects of more than £10m; entering into a sales contract where annual revenue is anticipated to be more than £50m; any changes to the group's capital structure; and the annual operating and capital expenditure budgets.

The board fulfils a number of its most important functions through its committees. The work of these committees is described below in this report. The terms of reference of each of the committees are available on the company's website at www.g4s.com.

Governance structure

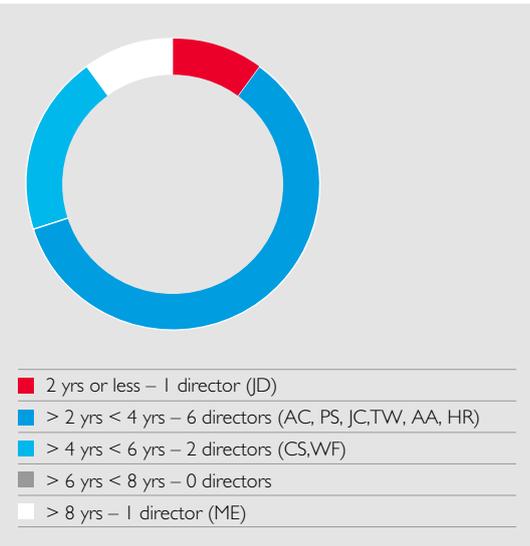


BOARD BALANCE

Board balance

<p>Non-Executive directors</p> <p>8</p>		<p>John Connolly, Adam Crozier, John Daly, Mark Elliott, Winnie Fok, Paul Spence, Clare Spottiswoode, Tim Weller</p>
<p>Executive directors</p> <p>2</p>		<p>Ashley Almanza, Himanshu Raja</p>

Board tenure 2015 (%)



Board composition

As at the date of this report, the board comprises 10 members: the non-executive chairman (John Connolly), seven other non-executive directors and two executive directors. The board considers all the non-executive directors to be independent.

The names of the directors serving as at 31 December 2015 and their biographical details are set out on pages 56 and 57. All these directors served throughout the year apart from John Daly, a non-executive director who was appointed on 5 June 2015. Grahame Gibson, an executive director, and Mark Seligman, a non-executive director, both retired from the board at the conclusion of the company's Annual General Meeting on 4 June 2015.

The Nomination Committee is engaged in a process to recruit two new non-executive directors.

Induction, information and professional development

A tailored induction is provided to new directors joining the board. In the case of non-executive directors, this includes spending time with the executive directors and other senior executives to understand the business, its structure and people, as well as the company's strategy and financial performance. Induction also provides details of the group's governance policies and structure and risk management framework.

To build on the induction programme, directors receive further briefings both to help in their own development and also to enhance their awareness of the different elements of the business. Briefings are provided to board members on legal, governance, compliance and reporting developments and to members of board committees from time to time on matters relevant to their work on those committees.

In addition, non-executive directors are encouraged to learn about the group's business and to meet employees and management through site visits and attendance at group conferences. In 2015, non-executive directors visited secure solutions and cash solutions operations and staff accommodation centres in Dubai, an adult prison operated by the group in South Africa, a youth training centre operated by the group in the UK and attended part of the group's senior management conference.

Board performance review

In 2015, Lintstock Limited assisted the board with its performance review. The review involved detailed self-assessment questionnaires being completed by board members and regular board committee attendees. The results of the questionnaires were used as the basis for reports produced by Lintstock which analysed the performance of not only the board, but also each board committee. These reports were considered by the board and each of the board's committees when reviewing their performance and informed the planning for the board's priorities in 2016.

As part of this review process, Lintstock also reported on the performance of each of the directors and separately on that of the chairman. The individual director reviews were used as the basis for the chairman's individual discussion with each of the directors about their performance and any training and development needs. The report on the chairman was used to inform the discussion amongst the non-executive directors about the chairman which was led by the senior independent director without the chairman being present.

Lintstock has no connection with the company other than evaluating the board and its committees' performance.

2016 primary board objectives

Following consideration of Lintstock's report on the board's performance, and after consideration of priorities chosen by the board and the strategy adopted by the company, the board has agreed a set of primary objectives for its work in 2016, which will include:

- Reviewing progress on execution of the strategy approved by the board
- Monitoring the performance of the leadership team, and the transition to new leaders in certain regions
- Increasing its understanding of the regions and their businesses and people
- Reviewing the progress of growth initiatives and the development of the group's technology businesses and its global customers
- Maintaining emphasis on risk management and efficient structures

Director re-election

The company's articles of association require that all continuing directors are subject to election by shareholders at the next Annual General Meeting following their appointment and that they submit themselves for re-election at least every three years and that at least one-third of the directors not standing for election for the first time stand for re-election at each annual general meeting. However, in accordance with the UK Corporate Governance Code provision on re-election of directors, all the continuing directors stand for re-election every year.

Conflicts authorisation

Each of the directors has disclosed to the board any situations which apply to them as a result of which they have or may have an interest which conflicts or may conflict with the interests of the company. In accordance with the company's articles of association, the board has authorised such matters. The affected directors did not vote when their own interests were considered. Where the board deemed it appropriate, such authorisation was given subject to certain conditions. The board reviews such matters on a regular basis.

Diversity

Diversity is one of the group's organisational strengths and helps it operate successfully across a wide range of countries and complex environments. Knowing its importance, the group seeks to both foster and harness diversity at all levels of the organisation. At the front-line it helps the group to connect better with the diverse range of customers it serves. For senior managers, having a global mindset and the ability to encourage different ideas helps them get the best from their teams and stay ahead of the competition. In the group's talent development programmes these are important competencies which are nurtured and reviewed through the group's 360° feedback process.

For the board, diversity of thinking and experience is seen as vital to ensure the group can seize the right opportunities in each market to grow and consider fully the risks of doing so. As well as being diverse in terms of gender and ethnicity, the board also includes members who have international assignment experience and a mix of both long serving and new members. These differences help balance industry knowledge and expertise with fresh perspectives and new market understanding. Whilst recruitment of any new members to the board is always based on merit, diversity is a key consideration. In recent appointments, assistance has been sought from executive search agencies which are signatories of the Voluntary Code of Conduct to help ensure the most diverse talent pools are reached and best practice in line with Lord Davies' review is adopted.

RELATIONS WITH SHAREHOLDERS

The company actively seeks to engage with shareholders and during 2015, senior management had contact via one-on-one meetings, group meetings and telephone conference calls with shareholders representing over 80% of the share register and over 200 institutions.

The Chief Executive Officer and Chief Financial Officer presented at analyst and investor meetings after the preliminary and half-year results were announced. These presentations also included strategy updates and were available live via webcast and the recording and transcripts are available on the group's website.

The chairman met with major shareholders as part of a general governance road show in January 2016 and reported on those meetings to the board. The chair of the CSR Committee, Clare Spottiswoode, and relevant senior executives met with a group of socially responsible investors in June 2015, updating them on the group's corporate responsibility programme. In addition, Clare had a number of ad hoc meetings with investors as did Tim Weller, in his capacity as chair of the Audit Committee.

It is intended that all the directors (other than John Daly who had a prior engagement at the time he joined the board) will attend and be available to answer questions at the company's Annual General Meeting which is an important opportunity for communication between the board and shareholders, particularly private shareholders. At the Annual General Meeting, the meeting is informed of the number of proxy votes cast and the same information is published subsequently on the company's website.



BOARD MEETINGS AND INFORMATION FLOW

Seven board meetings were held during the year ended 31 December 2015. One of these meetings was an extended two-day board and strategy session at which, in addition to normal board business, the board and executive committee met and reviewed the group strategy by region and by business line, as well as considering progress made on the existing strategic plan, the use of technology by the group and its approach to people and organisation and values.

Prior to each board meeting, comprehensive papers are circulated to the directors addressing not only the regular agenda items on which the executives will report, but also details of any matters requiring approval or decisions, such as significant transactions or events or important market issues.

At each meeting the board receives reports from the chairman, the chief executive, the chief financial officer and the company secretary, an HR and health and safety report and an investor relations report, which includes summaries of analysts' reviews and any comments received from major shareholders since the previous board meeting. The board receives regular in-depth presentations from regional management and from the management of business units and the board makes visits to business sites from time to time. After meetings of the board committees, the respective chairmen report to the board on the matters considered by each committee.

Regular board dinners are held prior to board meetings which provide an opportunity for the directors to discuss topics in an informal environment outside the more formal setting of the board meeting.

After each board meeting the chairman holds a meeting with the non-executive directors without the executives being present.

There are seven board meetings scheduled for the current year, including a two-day board and strategy meeting.

FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

In accordance with the UK Corporate Governance Code, the board has given consideration to whether the annual report and accounts, taken as a whole, is fair, balanced and understandable. The preparation of the annual report and accounts is coordinated by the finance, investor relations and company secretariat teams with group-wide support and input from other areas of the business. Comprehensive reviews were undertaken at regular intervals throughout the process by management and other contributing personnel within the group. The board has reviewed a paper prepared by management and has separately considered the disclosures in the annual report and accounts and has concluded that they are fair, balanced and understandable. The statement required to be given by the directors by Code provision C.1.1 can be found on page 95.

RISK MANAGEMENT AND INTERNAL CONTROL

The board has carried out a robust assessment of the principal risks facing the company and of how those risks might affect the prospects of the company. The principal risks and their possible impact on the company and the mitigations taken are set out on pages 46-54. The directors acknowledge their responsibility for the group's system of risk management and internal control and for reviewing its effectiveness each year. Through the Audit Committee, the board conducted a review of the effectiveness of the systems of internal control during the year. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key features of the group's risk management process, which was in place throughout the year under review, are:

- Senior executives in each business unit and region use a common risk management framework to provide a profile of those risks which may have an impact on the achievement of their business objectives.
- Each significant risk is documented in the group's risk management system, showing an overview of the risk, its owner, how the risk is managed, and any improvement actions. Risk appetite/tolerance is considered in the context of the residual (after controls and mitigation) risk with a particular focus on "High" net risks. To be categorised as "High" a risk must meet at least one of the following criteria:
 - major impact on the achievement of the business strategy;
 - serious damage to business reputation;
 - severe business disruption;
 - impact of > 5% on operating profit or assets.

Meeting attendance in 2015

	Board meetings
Executive directors	
Ashley Almanza (CEO)	7/7
Himanshu Raja (CFO)	7/7
Grahame Gibson	1/4
Non-executive directors	
John Connolly (chairman)	7/7
Mark Elliott (senior independent director)	7/7
Clare Spottiswoode	7/7
Winnie Fok	7/7
Paul Spence	7/7
Adam Crozier	7/7
Tim Weller	7/7
John Daly	3/3
Mark Seligman	4/4

- The risk profiles ensure that internal audit reviews of the adequacy, application and effectiveness of risk management and internal controls are targeted on the key risks.
- Risk management committees have been established at regional and group level.
- Risk and control self-evaluation exercises are undertaken for each operating company, for most companies at least once a year; and updated risk profiles are prepared. Similar exercises are undertaken as part of the integration process for all major acquisitions. The results of the company risk evaluations are assessed by the regional risk management committees.
- Both the regional committees and the group executive committee receive internal audit reports and regular reports on risks. They monitor the actions taken to manage risks.

The process is carried out under the overall supervision of the group executive committee. The chief executive officer, chief financial officer and group director of risk and audit report on risks and

planned mitigations to the Risk Committee of the board. The process outlined above is reviewed regularly by the board through its Risk Committee to ensure its robustness and suitability to meet the group's needs.

During 2016 the risk management improvement plan will focus on:

- enhancing the quality of information being provided by businesses;
- managing the group's residual risk exposure;
- progress on implementation of mitigation action plans; and
- new and emerging risks.

In 2016 the regional risk and audit committees will focus on risks arising from control weaknesses identified through both business unit control self-assessments and audits. Review of the risks to strategic objectives will take place during the annual business planning round and through trading reviews at least twice per year.

Further information about the Risk Committee, its remit, work during 2015 and its plans for 2016 can be found on page 67.

The internal control system includes clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system and written policies and procedures.

In addition to a wide range of internal audit reports, senior management also receive assurance from other sources including security inspections, third party reviews, company financial control reviews, external audit reports, summaries of whistleblowing activity, fraud reports and risk and control self-evaluations.

The group has in place appropriate internal control and risk management systems for financial reporting. The group has a single global consolidation system which is used for both internal management reporting, budgeting and planning as well as external reporting.

The group has a comprehensive budgeting process with the budget being approved by the board. Forecasts for the year are reported quarterly. Actual results at business unit, region and group level are

reported monthly and variances are reviewed. A programme of balance sheet reviews is included in the work of group internal audit.

The Audit Committee undertakes a high-level review of risk management and internal control each year. As well as the above processes and sources of assurance, the Audit Committee also considers the following year end reporting in conducting this review:

- Summary of internal audit work including update on all open audits with a deficient rating, analysis of results by region, common audit findings and areas identified for improvement in internal controls;
- Summary of internal financial reviews including significant accounting or financial control issues and common concerns identified;
- Overview of year-end financial control status reports completed by all businesses confirming adherence to group standards with any exceptions reported;
- A broad overview of the general risk management and internal control systems in place during the year;
- Review of risk management processes and of the group's principal residual risks by the Risk Committee of the board; and
- External audit year-end reporting on financial controls and accounting.

Further information about the Audit Committee, its remit, work during 2015 and its plans for 2016 can be found on pages 68-73.

Notwithstanding the significant control failings related to the prior year restatements described on page 72, the Audit Committee has confirmed that it is satisfied that the group's risk management and internal control processes and procedures are appropriate. The board has reviewed the group's risk management and internal control system for the year to 31 December 2015 by considering reports from the Audit Committee and the Risk Committee and has taken account of events since 31 December 2015.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The board's statement on the company's corporate governance performance is based on the September 2014 edition of the UK Corporate Governance Code, which is available on the Financial Reporting Council's website (<https://www.frc.org.uk>).

The Listing Rules require companies to disclose whether or not they have complied with all relevant provisions in the Code and to report how the main principles in the Code have been applied by the company. The Code recognises that alternatives to following its provisions may be justified in particular circumstances if good governance can be achieved by other means, provided the reasons are explained clearly and carefully. In such cases companies should also aim to illustrate how their actual practices are consistent with the principle in question, contribute to good governance and promote delivery of business objectives.

The company complied throughout the year under review with the provisions of the Code. The Corporate governance report, together with the Audit committee report, the Risk committee report and the Directors' remuneration report, describe how the board has applied these provisions.

THE NOMINATION COMMITTEE



John Connolly
Nomination Committee Chairman

“The Nomination Committee continued the work it began in 2014 when it initiated a process to find a new non-executive director. This resulted in John Daly’s appointment in June 2015. Following analysis of the needs of the board, a further process has begun to find two more non-executive directors to complement the range of skills and experience which the board has already and to replace Mark Elliott and Adam Crozier later this year.”

Committee membership and attendance

	Meetings attended
John Connolly (Chairman)	3 of 3
Adam Crozier	3 of 3
Mark Elliott	2 of 3*

* Mr Elliott did not attend one meeting since his own position was the sole agenda item.

Refreshing the board

Two directors retired from the board in 2015; Grahame Gibson and Mark Seligman. The Nomination Committee and the board concluded that it was not necessary to appoint a new executive director, but that a non-executive appointment was required. Accordingly, John Daly was appointed by the board in June. The Nomination Committee was assisted by Zygos LLP with the process it undertook to fill this role.

In May 2016, Mark Elliott and Adam Crozier will retire from the board. Mark fulfils a number of roles (Senior Independent Director;

Remuneration Committee chairman and member of the Nomination Committee) and Adam sits on the Audit and Nomination Committees. The Nomination Committee has given consideration to how these roles will be filled as well as to the balance of expertise and experience available to the board after Mark’s and Adam’s departures. Accordingly, John Daly has agreed to take on the Remuneration Committee chairmanship and JCA Partners LLP has been appointed to assist the Nomination Committee to recruit two more non-executive directors.

Neither Zygos nor JCA has any connection with the company other than as provider of recruitment consultancy services to the Nomination Committee, save that JCA has in the past also provided a benchmarking service for a senior management role.

Mr Elliott’s term of appointment expired during 2015 and the committee recommended to the board that his appointment be extended after consideration of his independence, commitment to the role, his other commitments and the experience and qualities he brings to the board. Mr Elliott did not participate in the committee’s deliberations on this matter.

Responsibilities

The Nomination Committee is responsible for making recommendations to the board on appointments and on maintaining a balance of skills and experience on the board and its committees. Succession planning for the board is a matter which is devolved primarily to the Nomination Committee, although the committee’s deliberations are reported to and debated by the full board. The board itself also reviews more general succession planning for the senior management of the group.

The committee’s terms of reference are available at www.g4s.com/investors.

Succession planning

The entire board has considered succession planning for the senior management of the group during 2015 and, in addition, the Nomination Committee gave further consideration to

the succession plans for the most senior board roles.

Diversity

The board’s approach to diversity is set out on page 62.

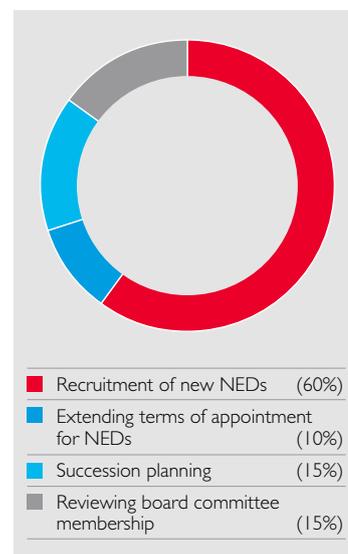
Committee performance

The performance of the Nomination Committee was reviewed as part of the process undertaken by each of the board committees with assistance from Lintstock. The Nomination Committee’s performance was determined to have been satisfactory, but areas of increased focus were identified and have been included as priorities for the committee’s work in 2016.

Priorities for 2016

The committee’s primary specific focus in 2016, along with that of the board as whole, will be the recruitment of two new non-executive directors, refreshing the composition of certain of the board committees and appointing a new Senior Independent Director. It will also ensure that longer-term succession planning remains a subject which is given due attention at all levels.

Main activities of the Nomination Committee during the year (%)



THE CSR COMMITTEE



Clare Spottiswoode
CSR Committee Chair

“With operations in around 100 countries and 610,000 employees, we are acutely aware that G4S is well placed to make a positive contribution to societies across the globe. Good CSR practice plays a vital role in successful, long term business outcomes. Therefore we are focusing on ensuring that our CSR priorities are an integral part of doing business.

2015 saw the launch of our new and enhanced whistleblowing process and we conducted a review of our corporate values against our business and CSR priorities. This will result in a re-launch of our values to the organisation and our stakeholders during 2016. Sadly, 46 employees lost their lives performing their duty, so we will continue to invest in health and safety awareness and training.”

Committee membership and attendance

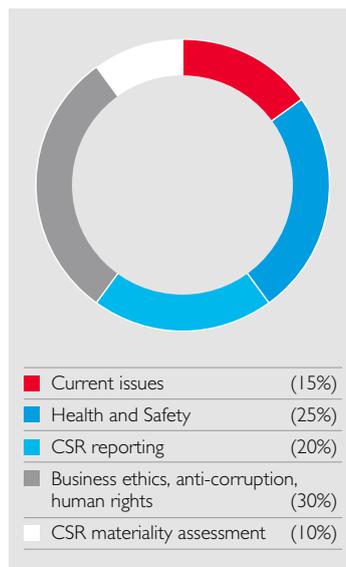
	Meetings scheduled
Clare Spottiswoode (Chair)	3 of 3
Winnie Kin Wah Fok	3 of 3
Paul Spence	3 of 3

Other regular attendees include Peter Neden, the regional president for the UK and Ireland region and a member of the group executive committee, the group corporate affairs director and the group human resources director.

Responsibilities

The CSR Committee reviews and monitors the group's CSR strategy, which includes developing policies on various CSR-related matters for consideration by the board and reviewing the activities of the executives who have responsibility for CSR matters. The CSR Committee

Main activities of the CSR Committee during the year (%)



also reviews and monitors how the group performs against relevant policies. The committee oversees reporting on CSR matters and the company's separate CSR Report for 2015, which provides more detail on the group's CSR strategy and progress made during the year; is available at www.g4s.com. Further details of the committee's responsibilities can be found in the committee's terms of reference which are available at www.g4s.com/investors.

The CSR Committee receives regular updates on current issues from the group's internal audit, human resources and CSR teams.

As part of the CSR Committee's focus on health and safety during the year, the committee oversaw a number of initiatives aimed at embedding good health and safety practices across the group. Other initiatives focused on accident prevention and the sharing of best practice across the group. As part of its normal cycle of work, the committee received regular health and safety reports including the results of six critical country reviews (CCRs) carried out during the year. CCRs are an important tool to

support those businesses where fatalities have occurred in assessing their health and safety management, raising awareness and sharing good practices.

The committee oversaw the annual review of the group's Business Ethics Policy, the document which defines what the group considers are acceptable and unacceptable business practices.

The committee also oversaw the launch of the group's new and enhanced whistleblowing process ("Speak Out") in September 2015. Hosted by an independent specialist hotline and case management provider, Speak Out allows G4S employees to raise ethical matters of concern online or via a free telephone service. The system includes a case management system to better record, manage and report on whistleblowing cases. The CSR Committee also participated directly in the CSR materiality assessment exercise, which takes place every two years and assesses the current market environment, business challenges and most relevant sustainability issues. The results of the materiality exercise, which will inform the group's future CSR strategy and CSR reporting, are presented in the CSR Report 2015.

Medway STC

On 30 December 2015, G4S Children's Services (UK) referred a number of serious allegations of inappropriate staff conduct at the Medway Secure Training Centre to Medway's Local Authority Designated Officer for safeguarding children (LADO), the Youth Justice Board of England and Wales and the Ministry of Justice (MoJ). The allegations centred on the unnecessary use of force and the use of improper language. The LADO, in conjunction with the police and other relevant authorities, commenced an independent investigation into the allegations.

This matter was discussed in detail by the CSR Committee as well as by the board, which made enquiries about the root causes of these incidents, the appropriateness and completeness of the remedial action plan and considered how the learnings from this event could drive an improvement of the control environment across the organisation. The board was satisfied that,

pending the outcome of the police investigation and the conclusions reached by the Independent Improvement Board appointed by the MoJ, appropriate remedial action had been taken to strengthen the control environment, prevent the re-occurrence of such events and ensure the group's values are adhered to and their importance reiterated across the organisation.

Committee performance

The assessment of the committee's performance, conducted as part of the overall board review process with assistance from Lintstock, concluded that the committee continued to perform well in monitoring compliance with CSR policies and in seeking to embed them within the group's business processes. Following the performance review, the committee has concluded that it should continue to focus on a small set of topics that are relevant globally and provide strong oversight on improving them, as well as ensuring that health and safety and compliance continues to be a major focus.

Priorities for 2016

Priorities for 2016 include the oversight of changes to the group's values to ensure better alignment with the group strategy and vision. In addition, the CSR Committee will be monitoring progress on the review of the group human rights policy, with a particular focus on businesses operating in high-risk countries.

THE RISK COMMITTEE



Paul Spence
Risk Committee Chairman

"As announced at the beginning of the year, I succeeded John Connolly as chairman of the Risk Committee in January 2016. John remains a member of the committee and I am very grateful for his continued support. Since its inception over two years ago, the Risk Committee has led a programme of improvement in risk management quality across the group through changes to the governance structures and processes. Our focus for 2016 is to place more accountability for risk management where it is most effective, i.e. at operating unit level. To this end, the Risk Committee will now focus on improving the understanding and compliance by operating unit management teams of those controls which have the most material impact on the management of our key risks."

Committee membership and attendance

	Meetings attended	
	Scheduled	Unscheduled ²
Paul Spence ¹ (Chairman)	4 of 4	2 of 2
Ashley Almanza	4 of 4	2 of 2
John Connolly	4 of 4	1 of 2
Himanshu Raja	4 of 4	2 of 2
Tim Weller	3 of 4	2 of 2

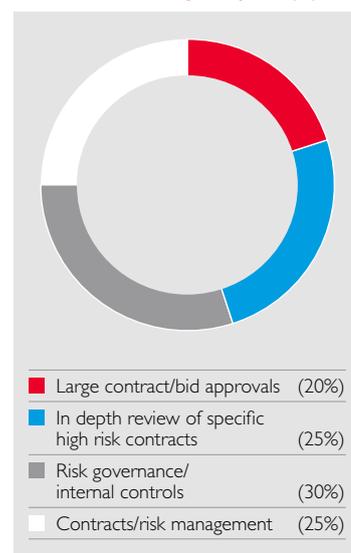
1. Paul Spence became chairman in January 2016.
2. Unscheduled meetings were called at short notice and it was not always possible for all directors to attend.

Other regular attendees include the group general counsel and the group director of risk and audit.

Responsibilities

The Risk Committee advises the board on the group's overall risk appetite, develops the group's risk management strategy, advises the Audit Committee and the board on risk exposures and reviews the level of risk within the group and assesses the effectiveness of the group's risk management systems. The committee's composition ensures that a broad-ranging set of skills and experience come together to look at how the group manages risk in the business. The Risk Committee also considers major contracts which require board approval due to their size or level of risk. Further details can be found in the committee's terms of reference available at www.g4s.com/investors.

Main activities of the Risk Committee during the year (%)



Risk governance remained a strong area of focus during 2015 with the Risk Committee receiving regular reports on the performance of regional risk and audit committees and the continuing process of embedding enterprise risk management standards. Having defined the group's risk appetite and developed a more precise and formal risk appetite statement, which was approved by the board in 2014, the risk appetite statement was disseminated across the group. This allowed comparison of reported residual risk against risk appetite. During the year, the Risk Committee received regular updates on significant residual risks and carried out detailed reviews of three of them: IT security risk

Corporate governance report *continued*

management processes and systems; health and safety; and people. In addition, the growth strategy risk was addressed as part of the board strategy sessions in October. Further details of the significant risks and uncertainties facing the business are set out on pages 48 to 54.

Contract risk management remains a key area of focus for the committee which undertakes a review of a major contract at each of its meetings. The Risk Committee also considered proposed bids for contracts that required board approval due to their size or level of risks, leading to a thorough assessment of the risks associated with the proposed transactions.

Committee performance

The assessment of the committee's performance in 2015 showed that the committee continued to operate effectively with the chairman's leadership remaining highly rated. It was also reported that the committee was effective in providing oversight of the controls in place in respect of significant risks.

Priorities for 2016

In 2016, the Risk Committee will continue to drive greater alignment of the risk management policies and procedures with group strategy and support the further embedding of risk in strategic planning. Ensuring clear accountability for risk management across the business line will also be an area of significant focus.

Audit Committee report

THE AUDIT COMMITTEE



Tim Weller
Audit Committee Chairman

"In 2015, the Audit Committee focused on monitoring the effectiveness of the group's internal risk and control environment and on ensuring that matters of judgement were subject to rigorous review. The Audit Committee also oversaw the transition of the group's external audit to the new auditor, PricewaterhouseCoopers LLP. Their appointment was confirmed by shareholders at the 2015 AGM."

Committee membership and attendance

	Meetings scheduled
Tim Weller (Chairman)	4 of 4
Adam Crozier	4 of 4
John Daly*	2 of 2
Paul Spence	4 of 4

* John Daly joined the board and the Audit Committee in June 2015.

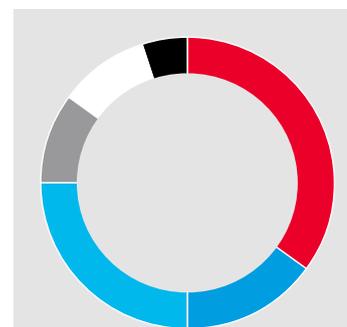
The committee members were selected for their range of commercial and financial expertise, necessary to fulfil the committee's responsibilities. Each member of the Audit Committee brings significant and relevant experience gained at senior management level. Their skills and experience are set out on pages 56 and 57. The Audit Committee's chairman, Tim Weller, is considered by the board to be the member of the Audit Committee with recent and relevant financial experience.

Audit Committee meetings are attended by the chief financial officer; the group financial controller; the company secretary; the group director of risk and audit and representatives

of the group's external auditor. The chairman of the board and the chief executive also attend meetings from time to time in agreement with the chairman of the committee. At the end of each meeting, a private session is held by the Audit Committee with representatives of the group's external auditor without members of the executive management team being present.

After each meeting, the chairman of the committee reports to the board on the matters which have been discussed.

Main activities of the Audit Committee during the year (%)



Effectiveness of financial controls and risk management procedures	(35%)
External audit and non-audit services	(15%)
Financial reporting	(25%)
Whistleblowing/fraud allegations	(10%)
Internal audit	(10%)
Transition to new auditor	(5%)

Responsibilities

The committee makes sure there is effective governance of the group's financial reporting and internal controls to ensure the integrity of its financial statements and adequacy of related disclosures and assists the board in relation to its consideration of whether or not the annual report of the group is fair, balanced and understandable. The committee also has oversight of the performance of both the internal audit function and the external auditor. Further details can be found in the committee's terms of reference available at www.g4s.com/investors

The committee has an annual agenda which includes standing items that the committee considers regularly, as well as specific matters that require the committee's attention.

Significant issues considered by the Audit Committee

The primary issues considered by the committee in the 2015 financial statements, and how these were addressed, were:

ONEROUS CONTRACT PROVISIONS

Description

The group delivers certain long-term outsourcing services that are complex in nature. Some of those contracts may become loss making and lead to a position where future net unavoidable losses over their life are expected. This requires determining the net present value of future estimated losses to calculate an onerous contract provision. The identification and measurement of any related provision requires significant judgement, given the often extended time periods involved, and the number of variables that are not all within management's control.

During the year, management operated the enhanced processes and controls introduced in 2014, including a review by the chief

financial officer on a quarterly basis of the top 25 contracts and those with low profitability for each region, and the 360 degree contract review on the largest and most complex contracts, covering financial, legal, reputational and operational risk criteria, attended by a group executive committee member.

Details of the outcome of the assessment of contract provisions are set out in the Chief Financial Officer's review on pages 96 to 105.

Action taken

The Audit Committee reviewed the quarterly report summarising the results of the top 25 contracts and those with low profitability. The committee also reviewed a report

summarising the conclusions from the 360 degree contract review.

In addition, the committee reviewed and challenged in respect of each onerous contract (and in particular the Compass and legacy UK government contracts), the underpinning assumptions provided by management and inquired about the judgements made, the robustness of the assumptions, the sensitivities to changes in the assumptions and the disclosure provided in relation to the key material judgements.

Conclusion

The Audit Committee was satisfied that the provisions and disclosure as at 31 December 2015 were appropriate.

GOODWILL IMPAIRMENT TESTING

Description

The total value of the group's goodwill as at 31 December 2015 was £1.828bn and relates to a significant number of historical acquisitions.

The estimation of the recoverable amount of goodwill supported by the group's cash generating units requires significant judgement, primarily in relation to the achievability of long-term business plans and future cash flows which is dependent on circumstances both within and outside of management's control, in relation to the discount rates adjusted to reflect risks specific to individual assets used and in relation to the macro-economic assumptions and related modelling assumptions underlying the valuation process.

As a result of the annual review of the carrying value of goodwill, £66m goodwill was impaired. The balance remaining at the 2015 financial

year end was £1.828bn (see note 18 to the consolidated financial statements). Details of the group's goodwill judgements, impairment test and related disclosures are provided in notes 4 and 18.

Action taken

The Audit Committee reviewed the methodology and challenged the results of the impairment test prepared by management.

The Audit Committee reviewed the assumptions used in relation to long-term growth, resulting headroom and sensitivities applied by management. In addition, these results were considered against alternative valuation bases such as reference to acquisitions or disposals of similar assets.

For those businesses that are expected to be sold as part of the strategic portfolio management programme, the Audit Committee

reviewed the recoverable value on the basis of expected sale price less costs to sell, whereas for those portfolio businesses that are expected to be closed, goodwill was fully impaired and the recoverable value of the assets was considered.

The Audit Committee finally considered the adequacy of the disclosures provided, particularly for the case of cash generating units where changes in key assumptions could give rise to an impairment.

Conclusion

The committee was satisfied with the carrying value of goodwill and related disclosures as at 31 December 2015.

TAXATION

Description

The group operates in around 100 countries and is therefore subject to numerous tax inspections in the ordinary course of business. In some instances these may result in claims being raised by tax authorities. In many of the jurisdictions in which the group operates, tax legislation is not always applied consistently. Any claims are handled by the local legal entity in the first instance. More complex cases are reviewed by the group tax function and provisions, where necessary, are made based on the best estimate of the likely outcome.

The group recognises deferred tax assets in respect of temporary timing differences mainly in relation to pension arrangements, fixed assets and carried forward losses. These losses arose largely as a result of settlements with the UK Government in 2013 and 2014

in respect of the Olympics and Electronic Monitoring contracts as well as from trading losses from onerous contracts. At 31 December 2015, total deferred tax assets were £187m (2014: £192m). Recognising such assets requires an assessment of their likely utilisation recovery which includes an assessment of the taxable profits expected to be made in each of the relevant jurisdictions.

Action taken

The Audit Committee reviewed the group's approach to taxation and approved the adoption of a tax policy which complies with the CBI's seven tax principles for the UK.

The committee also reviewed information prepared by management in relation to existing or potential tax exposures, the adequacy of the provisions recorded and their treatment and disclosure in the financial statements.

The committee reviewed information prepared by management supporting the recoverability of deferred tax assets and considered the period of time over which these would be recovered and made enquiries of the external auditors on the appropriateness of the group's tax position.

The committee considered the group's enhanced disclosures recognising that the Financial Reporting Council has been undertaking a thematic review in this area.

Conclusion

The committee was satisfied with the group's approach to tax, and with the recoverability of the deferred tax assets and disclosure in respect of tax exposures.

RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Description

The group operates in around 100 countries and has over 700 legal entities with a significant number of local financial systems and processes. This leads to an inherently diverse set of processes and controls that rely on local capabilities to implement and operate the controls. As set out on page 47, the group has adopted a three lines of defence model to control and manage risks across the group.

The group has continued to make significant investment in strengthening capability in finance, internal audit and risk management, and has introduced stronger internal controls and group oversight to mitigate these risks. These include monthly reviews of the quality of earnings, a comprehensive internal audit plan and a regular cycle of reviews of local business units or country balance sheets and controls. The appointment of a new external auditor has also provided a fresh perspective on the state of the control environment.

During the year, material errors were identified in relation to prior years. These were related to historical

revenue recognition and lease accounting practices in Denmark, to the integrity of historical accounting records in the Africa region and acquisitions and disposals accounting in North America dating back to the period 2007 to 2014 which are further described on page 72. These corrections do not affect the future cash generation of the group.

Management performed extensive work and concluded that these represented material errors rather than changes in estimates. Management discussed the nature of these errors with each regional finance director to assess whether similar errors might have been made elsewhere in the group, to ensure learnings and corrective actions were shared and to ensure the right focus on the relevant controls is applied.

Action taken

The committee reviewed the overall control environment of the group, and monitored progress against the approved group internal audit plan for the year; the different financial control and balance sheet review processes and the output of the whistleblowing process.

The committee also reviewed progress made on reducing reliance on manual controls by developing and integrating finance and operational systems across the group. In addition, the committee received regular updates on the implementation of different financial control processes including internal audit plans and results, the simplification of the controls framework, training and up-skilling of capabilities across the group, as well as the regular reports from the newly appointed external auditor.

In respect of the prior year restatements, the committee reviewed in detail papers prepared by management explaining the issues identified as well as the corrective action put in place to prevent re-occurrence of such errors. The committee discussed these issues with representatives of the external auditor to satisfy themselves that the adjustments were material errors rather than changes in estimate and to assess the appropriateness of the subsequent actions taken by management to provide assurance that there were not similar errors elsewhere across the group.

RISK OF ACCOUNTING ERRORS AND MANAGEMENT OVERRIDE OF INTERNAL CONTROLS CONTINUED

Conclusion

The committee was satisfied that the prior year errors were sufficiently material to require a restatement of comparative financial information in the consolidated financial statements. The committee noted the root cause of the errors and confirmed that management

had shared the learnings across the finance leadership team and that the relevant controls are being strengthened to mitigate against the recurrence of similar errors. The committee also acknowledged the progress made in relation to the strengthening of the controls across the group and the plans in place to reduce the number of systems and

to reduce the reliance on manual controls across the group. Notwithstanding the significant control weaknesses that allowed these errors to occur, the committee was satisfied that the group's risk management and internal control processes and procedures are appropriate.

PORTFOLIO RATIONALISATION PROGRAMME

Description

The group has continued to make progress in its portfolio management programme announced in 2013, identifying operations in a further 38 businesses or countries to be sold or ceased. Given that the size of the operations in these businesses or countries is individually not significant for the group, they do not meet the definition under IFRS 5 to be classified as discontinued operations. Management presents them separately in the adjusted performance measures in the preliminary results announcement and in the Chief Executive Officer's review and provides a detailed reconciliation to the IFRS financial statements.

Management classifies these entities within assets held for sale when it is expected that the carrying amount of these entities will be recovered principally through a sale transaction in the next 12 months.

During 2015, 10 businesses related to the portfolio management programme were sold or closed. In the first two months of 2016, a further five businesses have been sold.

Action taken

The committee reviewed progress made on the portfolio management programme against the group's strategy announced in November

2013 and considered whether the businesses that management had identified for sale or closure were in line with the strategy.

Conclusion

The committee was satisfied that the adjusted performance measures were both consistent with the prior year and presented in a balanced way and that the information provided for stakeholders to reconcile adjusted performance measures to IFRS results was appropriate.

GOING CONCERN AND LIQUIDITY RISK

Description

The group has net debt of £1,782m. The group's business plan supports a net debt to EBITDA of 2.5 times or lower over the next 12-24 months.

The group is subject to financial covenants related to its committed bank facilities and the private loan notes are subject to one financial covenant based on net debt to EBITDA ratio, where net debt to EBITDA should be lower than 3.5 times. Non-compliance with the covenant could lead to an acceleration of debt maturities.

Consideration of the going concern risk is a fundamental responsibility of the board and the Audit Committee has given this matter its full attention. The going concern

assertion has a significant impact on the financial statements in terms of both the valuation of assets and liabilities held and the presentation of assets and liabilities as non-current. The Audit Committee has taken due consideration of the guidance issued by the Financial Reporting Council 'Going Concern and Liquidity Risk – guidance for Directors of UK Companies 2009'.

Action taken

The committee reviewed the group's forecasts of cash flow and net debt, taking into account reasonable risk sensitivities as well as the financing facilities available to the group; noting that no significant bonds or placements were due to mature within the next 12 months

and that in early 2015 the group had renewed its revolving credit finance facility for six years.

The committee also reviewed compliance with covenants, the availability of headroom in relation to those covenants, reasonable downside scenarios considering the risk profile of the group, both for going concern purposes and in the context of the three year viability statement included on page 46.

Conclusion

The committee was satisfied that it was appropriate for the group to adopt the going concern basis of accounting in the financial statements and recommended the same to the board.

SPECIFIC ITEMS

Description

The Audit Committee reviewed the treatment of items considered as specific items that are separately disclosed by virtue of their size, nature or incidence. Management prepared documentation to support these items and the disclosure proposed in the financial statements.

Action taken

The Audit Committee reviewed and challenged, in light of the guidance issued by the Financial Reporting Council in December 2013, the disclosures prepared by management in relation to specific items, considered that the nature of these items was within the group's

accounting policies that were being applied consistently from year to year and that these items included both debits and credits in a balanced manner.

The Audit Committee also considered the recognition in the current year of future unavoidable losses related to onerous contracts as specific items and determined that onerous contract provisions would only be classified as specific items if they were deemed to be material to the group's underlying performance. The Audit Committee set a threshold amount below which onerous contracts would not be classified as specific items.

The committee also requested information from management to satisfy itself that changes in estimates related to items that were classified as specific items were consistently treated for both increases and decreases provisions.

Conclusion

The committee was satisfied that the group's accounting policies have been applied consistently and that the designation of specific items was subject to objective and balanced criteria and was appropriate to give an improved understanding of the continuing operations of the group.

Internal control

In the last three years, under the leadership of the chief financial officer, the group has had a heightened focus on improving systems of internal control and risk management for financial reporting. The main features of these control systems include clearly defined reporting lines and authorisation procedures, a comprehensive budgeting and monthly reporting system, written policies and procedures and the use of a single global consolidation system for both internal management reporting, budgeting and planning as well as external reporting. The group budget is approved by the board. A regular update is provided by the group CFO on the outlook. Actual results at business unit, region and group level are reported monthly and variances reviewed. A programme of business internal financial reviews (IFRs) is performed by the finance team from either region or group to check the accuracy of financial reporting and compliance with the group finance manual.

The system is designed to ensure the integrity of financial reporting and the committee's responsibility

is to perform an annual review to consider whether these internal controls remain effective. The committee does this primarily through receiving reports from management, the internal audit function and the external auditor.

During the year, significant progress was made in continuing to strengthen the capabilities in finance, internal audit and risk management and to improve insight into the financial performance of business units at a country level. These insights identified significant failings in controls related to material accounting errors in three areas that have led to the restatement of the 2014 financial statements:

- The revenue recognition policy previously applied in respect of the supply and installation of alarm systems in Europe, together with the underlying assumptions used in 2007 at inception of certain related sale and leaseback transactions entered into until 2013, were incorrect. These led to the incorrect timing of recognition of profit on installation of those alarm systems with upfront gains being recognised instead of being deferred over the life of the lease

and to certain leases being classified as operating rather than as finance leases;

- A number of legacy control weaknesses identified in the Africa region led management to perform a full review of the balance sheet in all countries of the region from which prior year errors were identified, mainly relating to cash reconciliations, under-accrual of employee and customer-related liabilities, incorrect classification of finance leases as operating leases and expenses incorrectly capitalised; and
- A number of errors in respect of the calculation of goodwill on certain acquisitions, gains and losses on certain disposals and related tax balances in North America between 2007 and 2014 mainly resulting in goodwill being overstated as at 1 January 2014 and at 31 December 2014 and profit on disposals in 2014 being understated.

The committee reviewed in detail papers prepared by management explaining the issues identified as well as the corrective action put in place to prevent re-occurrence of such errors which included sharing

the findings with the group finance leadership team and cascading it down to business level, confirming that these issues were not repeated in other locations, putting in tighter controls and group review when entering into material new leases, providing 'master classes' and updates on the group finance manual as well as integrating further the operations of the group tax department with the local tax departments. In relation to the broader failure of financial controls and reconciliations in the Africa region, the Audit Committee observed that this had been identified through the strengthening of the financial controls and organisation through specific actions such as the appointment of a new regional finance director; a new regional financial controller; and 12 new finance directors during 2015, as well as from a fresh review from the new external auditors.

The committee acknowledged the strengthening of the controls and the 2016 plans which include a targeted group internal audit plan for the areas where significant failures have taken place, a review of the group's financial control framework with a view to simplifying it to key essential controls to ensure these operate effectively, training programmes and up-skilling capabilities. The committee also considered the plans that are being implemented by management to reduce reliance on manual controls, mainly in respect to implementation and integration of new financial systems over the longer term.

Further details on internal controls are set out on page 47. The Audit Committee confirmed to the board that it is satisfied that the group's risk management and internal control processes and procedures are appropriate.

Internal audit

During 2015 the group internal audit team focused on taking a more risk based approach to auditing, with the goal of focusing local management on the most material control issues given their specific local environment. In 2016

the internal audit team will spend a minimum of 20% of their time providing coaching and consulting to business units with control issues in order to seek to prevent recurrence of control failures.

External auditor

In the summer of 2014, the company put the external audit engagement for the 2015 financial year out to tender. The process resulted in the appointment of PricewaterhouseCoopers LLP (PwC) as the group's external auditor for the 2015 financial year at the company's AGM on 4 June 2015. A tri-partite transition plan setting out the agreed principles, framework and timeline to ensure the efficient and effective transfer of the external audit arrangement from the previous group auditor KPMG Audit plc to PwC was put into place.

Non-audit services

To ensure that the independence of the audit is not compromised, the committee has put a policy in place for the non-audit services that can be provided by the external auditor; the relevant approval process for certain services and those services the auditor is prohibited from providing. In essence, the external auditor is prohibited from providing services that could create a conflict of interest, result in the audit firm auditing its own work or result in the performance of management functions. The committee has pre-approved certain services which can be provided by the auditor subject to specified fee limits above which further approval is required. All other services would require prior approval by the committee. Every year the Audit Committee reviews its policy on the provision of non-audit services by the external auditor.

Non-audit services include tax compliance and tax services. The Audit Committee has reconsidered the company's policy in this area in the context of the new EU guidance on non-audit services. Whilst PwC do provide such services the vast majority of tax compliance and tax advisory services undertaken

by PwC are deemed insignificant both individually and in aggregate and were either terminated or transitioned to other providers by 30 June 2015. A specific exception was made for certain insignificant pre-existing services where transition presented significant business risks or difficulties and a final termination date of 30 June 2016 was established for these services.

The provision of any non-audit services by the audit firm must, in any event, comply with the requirements in that regard of the Auditing Practices Board.

Details of the fees paid for audit services, audit-related services and non-audit services can be found in note 10 to the financial statements.

Effectiveness of the external auditor

A combination of formal and informal processes are used in the assessment of the effectiveness of the external audit process. A formal questionnaire is completed at the end of the audit by members of the Audit Committee, group finance department and the finance directors of significant operations across the group and the output is reviewed by the Audit Committee. The assessment of the external audit concluded that it remained effective and the external auditor is independent.

Committee performance

The assessment of the committee's performance conducted as part of the board review process with Lintstock's assistance showed that the committee remains effective at discharging its responsibilities and in particular in reviewing the quality of the group's financial reporting.

CMA Order Compliance

The committee confirms that the company has complied with the Audit Services for Large Companies (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2004.

THE REMUNERATION COMMITTEE



Mark Elliott
Remuneration Committee Chairman

"I am pleased to present the directors' remuneration report for 2015. As is mentioned elsewhere in this annual report, 2015 was a year of good progress in implementing the strategy which the new management team developed towards the end of 2013. The year has not been without its challenges, but the direction of travel is right and the underlying performance of the business is reflected in the remuneration outcomes which are described in this section of the report."

Over the previous two years the Remuneration Committee had consulted with shareholders on the company's remuneration policy and a proposed new Long Term Incentive Plan, which was approved by shareholders in 2014. In 2015 the Remuneration Committee has concentrated on ensuring the policies and reward schemes which are in place operate in a way which properly reflects and rewards sustainable value creation.

We have again looked carefully at what financial measures are most appropriate for the group's strategy and at those items which should be included in or excluded from the underlying performance metrics used to determine the extent to which executives' performance has achieved the development of the group for its stakeholders.

I will retire from the board, and therefore as Remuneration Committee chairman, at the conclusion of the 2016 AGM. I am pleased to say that John Daly has agreed to take over the role. Under John's leadership, the committee plans to review the remuneration policy during 2016 since that policy will require shareholder approval in 2017 and, as part of that review, the committee will consider whether the remuneration arrangements for the group can be improved or simplified. For any proposed significant changes to the policy, the committee will consult with major shareholders prior to the 2017 AGM.

How performance is reflected in remuneration outcomes

The committee looked carefully at the underlying performance of the on-going business of the group in determining the appropriate measures of performance in the year and over the longer period applicable to the performance share plan period which ended in 2015.

In order to properly reflect that underlying performance, the committee has taken account of changes to the business over the relevant measurement period and made adjustments where appropriate to enable an equivalent comparison. So, for example, the performance against which the earnings in 2015 was measured was adjusted to take into account the effects of the

capital restructuring which resulted from the share placement in 2013, foreign exchange rate movements over the period of the plan, discontinued and acquired businesses, changes in pensions and other accounting treatments and provisions for certain legacy onerous contracts. The intention was to ensure that the measurement of the actual and targeted performance was done on a like for like basis. The effect of some changes was to reduce the target, whilst others increased it. Where adjustments were made for new onerous contract provisions, the accounting provision taken in the year in relation to future losses would only have effect in relation to those future years.

The 2015 annual bonus outcome for the CEO and CFO was 70% and 65% of maximum bonus opportunity respectively, which reflected a 14% growth in underlying earnings for 2015.

Scoring for non-financial metrics applicable to the annual bonus for the CEO and CFO was 67% and 33% of maximum respectively (with the maximum contributing 15% of maximum bonus potential in each case). Grahame Gibson did not have non-financial objectives given his change in role and subsequent retirement. Full details of the bonus outcomes for each of the executive directors are set out on pages 84 and 85.

Annual bonus due to the CEO and CFO in excess of 50% of maximum was deferred for a period of three years and paid in G4S shares under the plan rules. In addition, the CEO and CFO volunteered to translate immediately the entire cash element (net of tax) of their annual bonus payments into G4S shares which will contribute towards their minimum shareholding requirements. As a result of these awards they have both increased considerably their outright shareholdings as well as their interests in deferred shares.

We have reviewed whether the adjustments to prior years' results would have resulted in any change to the bonus calculation for existing or former executive directors and were satisfied that no claw-back is applicable as a result, since the relevant performance measures would still have been satisfied.

In relation to the 2013 performance share plan which vests this year, the measurement of EPS performance was normalised to allow for a proper like for like comparison between the business as it was in 2012 (the baseline year) and the business as it was at the time of vesting as described above. The half of the award which was measured against total shareholder returns did not earn any award and overall 26.5% of the total award vested based on performance over the three year period from 2013 to 2015. The awards to past directors have been subject to review of the applicable legal and performance criteria, following which it was concluded that the pro-rated awards were payable.

How we implemented our remuneration policy

When operating the policy, the committee takes account of the overall approach and structure of employee reward across the group and pay decisions for the wider workforce as well as the results of appropriate benchmarking data. It is the committee's intention that pay should reflect the responsibility attached to the role fulfilled, individual performance and other relevant market information. The remuneration available must allow the group to attract, retain and motivate directors and other senior executives who will lead the group in the long-term interest of its stakeholders.

Base salary reviews

As reported last year, the CEO's and CFO's salaries were increased by 3% with effect from 1 January 2015 and Grahame Gibson's base pay for 2015 remained unchanged.

For 2016, following a review, the CEO's base pay has been increased by 1% and that for the CFO remains unchanged. This review took account of market salary levels as well as salary increases elsewhere in the group. The increase awarded to the CEO was somewhat lower than the average percentage increase applicable to group employees based in the UK. Mr Gibson retired in October 2015.

The committee is also responsible for setting the fees for the chairman

of the board. The committee conducted a review in 2015 and concluded that no increase should be made, but confirmed its intention to continue to ensure that the position was rewarded appropriately and that the chairman's fee should continue to be reviewed regularly.

How we operate our annual bonus plan

For 2015, the committee decided to operate the annual bonus with financial measures of performance of underlying group earnings and underlying group operating cash flow before capex and the same measures will be applied in 2016. The non-financial measures of performance are aligned with the group's strategic objectives. The proportion of maximum bonus attributable to non-financial measures was set at 15% for both the CEO and CFO in 2015, but for 2016, the CFO's non-financial measure will contribute up to 30% of maximum bonus opportunity, with a consequent decrease in the proportion of the annual bonus that will depend on group financial performance. The committee concluded that it was appropriate to bring the arrangements for the CFO into line with those applicable to other senior functional executives given the significant element of his role which will be involved with strategic projects which are not purely financial.

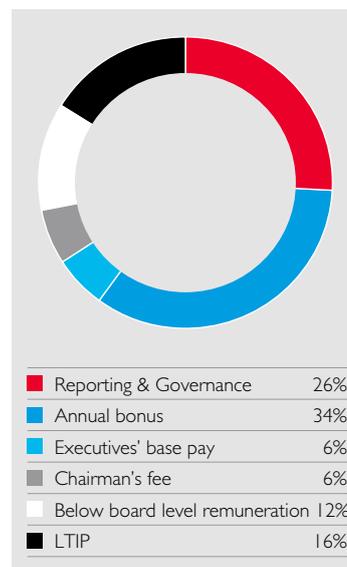
Our long-term incentive plan

The long-term incentive plan introduced in 2014 had overwhelming support from shareholders and will continue to operate unchanged in 2016.

UK Code compliance

The committee had in place malus and clawback before their introduction became a feature of the revised UK Corporate Governance Code. These arrangements are explained on page 80. The committee is also conscious of the Code's requirement that executive directors' remuneration should be designed to promote the long-term success of the company – and that performance-related elements of remuneration should be transparent, stretching and applied rigorously.

Main activities of the Remuneration Committee during the year (%)



Consulting with our shareholders

I will be available to answer questions and listen to the views of our shareholders at the forthcoming Annual General Meeting.

Retirements

In October 2014 it was announced that Grahame Gibson would retire from the board at the company's Annual General Meeting in 2015. Mr Gibson therefore stood down from the board on 4 June 2015, but continued to be paid in accordance with the terms of his employment contract until he retired on 20 October 2015. Mr Gibson remained eligible for annual bonus for 2015 as well as PSP and LTIP awards in which he participated, in each case pro-rated to his retirement date.

As reported previously, Trevor Dighton stepped down from the board at the 2013 Annual General Meeting and retired from the company on 30 July 2014. Mr Dighton remained eligible to receive an award under the 2013 PSP, pro-rated for the period of his employment to 30 July 2014. Details of the award which vested are set out on page 87.

Mark Seligman stepped down from the Remuneration Committee when he retired from the board at the AGM in 2015 and, as mentioned above, I will retire from the board (and leave the Remuneration Committee) at the conclusion of the 2016 AGM. John Daly will succeed me as chairman of the Remuneration Committee.

The committee's performance

The committee's formal performance review carried out at the end of 2015 concluded that the committee was effective and its performance was rated highly overall. Suggestions were made for improving the committee's performance further and as a consequence the committee will review and, with the engagement of the executive directors, seek to simplify the group's incentive arrangements for its most senior employees whilst supporting the recruitment and retention of top class talent and measuring the linkage between value creation and incentivisation.

Voting on remuneration

The annual report on remuneration will be put to an advisory vote at this year's Annual General Meeting, and we look forward to receiving shareholders' support once again this year.

Mark Elliott
Remuneration Committee
Chairman

24 March 2016

Committee membership and attendance

Meetings attended

	Scheduled	Unscheduled
Mark Elliott (Chairman)	3 of 3	1 of 1
John Daly	2 of 2	–
Winnie Fok	3 of 3	1 of 1
Mark Seligman	1 of 1	1 of 1
Clare Spottiswoode	3 of 3	1 of 1

Mark Seligman retired from, and John Daly was appointed to, the board and the committee in June 2015

• Fixed pay

- base pay
- retirement benefits
- other benefits

• Short-term incentives

- annual bonus plan (one year)

• Long-term incentives

- Long term incentive plan (three years)

Responsibilities

The Remuneration Committee is responsible for all elements of the remuneration of the executive directors, other members of the group executive committee and the chairman of the board.

It also agrees with the board the framework and policy for the remuneration of other senior managers of the group and reviews and recommends to the board the remuneration of the company secretary.

In determining remuneration policy, the committee takes into account a variety of legal and regulatory requirements, and the relevant provisions of the UK Corporate Governance Code.

The committee also determines policy on the duration, notice period and termination payments under the contracts with the executive directors, with a view to recognising service to the company whilst

ensuring that failure is not rewarded and that the duty to mitigate loss is recognised.

The committee approves the design and determines the targets and formulae for performance-related pay schemes operated by the company. It approves the eligibility of executive directors and other group executive committee members for annual bonuses and benefits under long term incentive plans and assesses performance against the objectives of those plans.

The committee's terms of reference are available on the company's website at www.g4s.com/investors.

Our remuneration approach

We seek to attract and retain the best people whilst ensuring that the remuneration policy and practice drive behaviours that are in the long-term interests of the company and its shareholders.

Remuneration Policy

The company's remuneration policy for directors was set out in full in the company's 2013 Annual Report and Accounts on pages 66 to 72 and can also be found on the company's website. It was approved by shareholders at the company's Annual General Meeting held on 5 June 2014 with 98.38% of all votes cast in favour. The policy refers to a long term incentive plan which was also approved at the 2014 Annual General Meeting, with 96.88% of all votes cast in favour. The remuneration policy came into effect on 6 June 2014 and will continue to apply for up to three financial years unless a new or revised policy is approved by shareholders in the meantime. No changes are proposed. For convenience a summary of some of the main features of the policy is set out on pages 77 to 82 below.

Directors' remuneration policy – summary

Remuneration policy for executive directors

BASE PAY

Purpose and link to strategy

Base pay is set at competitive levels in order to recruit and retain high calibre executives with the skills required in order to manage a company of the size and global footprint of G4S.

The level of pay will reflect a number of factors including individual experience, expertise and role.

Operation

Reviewed annually and fixed for 12 months commencing 1 January. Interim salary reviews may be carried out following significant changes in role, scope or responsibility or at any other time at the committee's discretion.

The final salary decision may also be influenced by role, experience, individual and company performance, internal relativities and increases for group employees.

Maximum opportunity

Actual base pay for each executive director is disclosed each year in the Directors' remuneration report.

In determining salary increases, the committee considers market salary levels including those of appropriate comparator companies.

Ordinarily, annual salary increases would be no more than the average annual increase across the group. However, in exceptional circumstances a higher level of increase may be awarded, for example:

- following a significant change to the nature or scale of the business; or
- following a significant change to the nature or scope of the role; or
- for a new appointment, where the base pay may initially be set below the market level and increased over time, as experience develops and with reference to the individual's performance in the first few years in the role.

Where exceptional increases are made we will fully disclose and explain the rationale for such increases.

Performance measures

None, although individual performance may have a bearing on salary increases.

BENEFITS

Purpose and link to strategy

As with base salary, a suitable range of benefits is made available in order to recruit and retain high calibre executives.

Operation

Executives are entitled to a number of benefits comprising paid holiday, healthcare for themselves and their family and life insurance of up to 4 times base salary, car allowance, business related transport, limited financial advice from time to time and expatriate benefits where relevant. A relocation allowance reflecting reasonable costs actually incurred will be paid.

Other benefits may be granted at the discretion of the Remuneration Committee.

Reasonable business expenses in line with G4S' expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company.

Maximum opportunity

- maximum benefits per director per annum:
- holidays – 30 days
- car allowance – £20,000
- business related local transport – £40,000
- for financial advice, expatriate benefits and relocation expenses, the expense will reflect the cost of the provision of benefits from time to time but will be kept under review by the committee

- other benefits granted at the discretion of the committee up to 3% of base pay per annum per director
- reasonable business expenses which are reimbursed are not subject to a maximum, since these are not a benefit to the director.

Any allowance in relation to relocation will provide for the reimbursement of reasonable costs incurred.

Performance measures

None.

Directors' remuneration policy – summary *continued*

Remuneration policy for executive directors

ANNUAL BONUS

Purpose and link to strategy

Rewards the achievement of annual financial and strategic business targets and delivery of personal objectives.

Deferred element encourages long-term shareholding and discourages excessive risk taking.

Operation

Awarded annually based on performance in the year. Targets are set annually and relate to the group and/or the business managed by the executive.

Bonus outcome is determined by the committee after the year end, based on annual performance against targets.

Bonuses are paid in cash, but executives are required to defer any bonus payable in excess of 50% of their maximum bonus entitlement into shares. Deferral is for a minimum period of three years. Dividends or equivalents accrue during the deferral period on deferred shares.

Bonuses are not pensionable.

Maximum opportunity

Maximum opportunity of 150% of base pay per annum for the CEO and the CFO.

125% of base pay per annum for any other executive director.

Performance measures

Typically, executive directors' bonus measures are weighted so that:

- between 70% and 85% of the bonus is based on achievement of challenging financial performance measures (e.g. profit before tax and amortisation, organic growth, cash-flow measures, etc.), with each measure operating independently of the others; and
- the remainder is linked to personal and/or non-financial measures, which are strategic or operational in nature.

Each year, the committee may use its discretion to vary the exact number of measures, as well as their relative weightings, and this will be disclosed in the annual remuneration report.

As a result of the number of factors taken into account in determining bonus, there is no minimum pay-out level.

For illustrative purposes, in the event that only threshold has been achieved, pay-out would be 35% of maximum, rising to full pay-out should achievement of a stretch performance level be achieved for all measures assuming the non-financial performance measures were satisfied.

The deferred element of the bonus is not subject to any further performance measures but is subject to clawback in certain circumstances. The non-deferred part of the bonus, which is settled in cash, is also subject to clawback (see separate section below on page 80).

LONG TERM INCENTIVE PLAN

Purpose and link to strategy

Incentivises executives to achieve the company's long-term financial goals, as well as focus on value creation, whilst aligning the interests of executives with those of shareholders.

Operation

Executive directors are granted awards on an annual basis, which vest over a period of at least three years subject to continued service and the achievement of a number of key performance measures.

The Remuneration Committee reviews the quantum of awards to be made to each executive each year to ensure that they remain appropriate.

Dividends or equivalents accrue during the vesting period on awards that vest.

The award is settled by the transfer of market-purchased shares to the executive directors.

All the released shares (after tax) must be retained until the minimum shareholder requirement is met. Currently, the minimum shareholding requirement is 200% of base salary for the CEO and 150% for the other executive directors.

Maximum opportunity

Maximum opportunity of 250% of base pay per annum for the CEO.

Maximum opportunity of 200% of base pay per annum for other executive directors.

Performance measures

Awards vest based on performance over a period of at least three financial years commencing with the financial year in which the award is made.

Performance will be measured based on a combination of earnings per share growth, total shareholder return against a comparator group and average operating cash flow. For awards made in 2014, these were in the proportion of 40%, 30% and 30% respectively. However, the committee retains the flexibility to amend these proportions, provided that no single measure will be a significantly greater proportion than the others.

At threshold, 25% of the relevant portion vests. This increases on a straight-line basis up to 100% for performance in line with maximum. Targets are set out on page 89.

Awards are subject to clawback in certain circumstances (see below on page 80).

RETIREMENT BENEFITS

Purpose and link to strategy

As with base salary and other benefits, making available a suitable retirement benefits package aids the recruitment and retention of high calibre executives, allowing such executives to provide for their retirement.

Operation

G4S operates a defined contribution group-wide personal pension plan in the UK in which executives may participate. Alternatively, G4S may

provide a cash allowance in lieu of a contribution into such plan.

The current executive directors receive cash allowances. The CEO receives 25% of base pay as a cash allowance; the CFO receives 20% of base pay and the other executive director received 40% of base pay reflecting his historic participation in a defined benefits plan which has been closed.

The level of award is kept under review by the committee and is

intended to be broadly market comparable for the roles.

Maximum opportunity

Maximum opportunity of up to 25% of base pay for the CEO and 20% for the other executive directors save that 40% of base pay per annum was payable to Grahame Gibson.

Performance measures

None.

Remuneration policy for non-executive directors

CHAIRMAN'S FEE

Purpose

To attract and retain a high calibre chairman by offering a market competitive fee, which also reflects the responsibilities and time commitment. There are no performance-related elements.

Operation

The chairman's fee is disclosed each year in the Directors' remuneration report. The fees are reviewed

annually by the committee. The annual fee is an all-inclusive consolidated amount. The committee retains the discretion to review the chairman's fees at any other time if appropriate. The chairman's fees are reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily, any increase of the chairman's fee would be in line

with other increases for similar roles in other companies.

Fees payable to the chairman and other non-executive directors in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

NON-EXECUTIVE DIRECTORS' FEES (EXCLUDING THE CHAIRMAN)

Purpose

To attract and retain high calibre non-executive directors (NEDs) by offering market competitive fees which should reflect the responsibilities and time commitment. There are no performance-related elements.

Operation

NED fees including any additional fee for any additional role listed below are disclosed each year in the Directors' remuneration report.

With the exception of the chairman, the fees for NEDs are structured by

composition build-up consisting of:

- a base fee
- an additional fee for chairing a committee
- an additional fee for the role of senior independent director.

The NED component fees are reviewed annually by the executive directors. The board retains the discretion to review the NED fees at other times, as appropriate, to reflect any changes in responsibilities or commitment.

The basic fee covers committee membership and each NED is

expected to participate in one or more board committees. All the fees are reviewed against other companies of a similar size.

Maximum opportunity

Ordinarily, any increase of the NEDs' fees would be in line with other increases for similar roles in other companies.

Fees payable to non-executive directors (including the chairman) in aggregate per annum shall not exceed the maximum specified in the company's articles of association for the relevant year.

BENEFITS

Purpose

Benefits may be provided from time to time in connection with the chairman and other NEDs performing their roles, such as business travel, subsistence and entertainment, accommodation and professional fees for tax and social security compliance, and other ancillary benefits.

Operation

Reasonable business expenses in line with G4S expenses policy (e.g. travel, accommodation and subsistence) will be reimbursed and in some instances the associated tax will be borne by the company.

Maximum opportunity

Reasonable business expenses which are reimbursed are not subject to a maximum, since these are not a benefit to the director.

Benefits and expenses will reflect the actual cost of provision.

Notes to the directors' remuneration policy summary

I. Performance measures

Annual Bonus Plan – The actual performance measures and targets are set by the Remuneration Committee at the beginning of each year. The performance measures used for our annual bonus plan have been selected to reflect the group's key performance indicators. The committee aims to ensure that the measures appropriately encourage the executive directors to focus on the company's strategic annual priorities, whilst the targets are set to be stretching but achievable.

The aim is to strike an appropriate balance between incentivising annual financial and strategic business targets, and each executive director's key role-specific objectives for the year.

Long Term Incentive Plan – In choosing the performance measures for the Long Term Incentive Plan, the committee aimed to find a balance of measures which reflect the company's long-term financial goals as well as incentivise executives to create sustainable, long-term value for shareholders.

Legacy plans – The committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy summarised above where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company.

For these purposes, payments may include the committee satisfying awards of variable remuneration. In cases where all or part of the variable remuneration award was in the form of shares, the payment terms are those agreed at the time the award was granted.

In particular, awards made under the previous Performance Share Plan will continue to vest in accordance with the rules of that plan and to the extent that the relevant performance tests are met.

Details of the vesting of the awards will be published in the annual remuneration report each year.

The non-executive directors do not participate in any incentive schemes nor do they receive any benefits other than those referred to in the above table.

2. Malus and claw-back mechanisms

Since 2010, any cash and/or shares awarded under the annual bonus plans and the previous Performance Share Plan may be subject to clawback. The Long Term Incentive Plan and the annual bonus plan may be subject to malus or clawback from the executive director concerned if the Remuneration Committee so determines and, in the case of misstatement of accounts, where the Audit Committee concurs. The time period in which the clawback can be operated depends on the reason for the overpayment as set out in the table below.

The amount to be clawed back directly from the executive director will be the overpaid amount, but the Remuneration Committee retains the discretion to claw back the "net" (i.e. post-tax) amount of the award received by the executive director.

Malus and claw-back	Annual Bonus Plan (including deferred elements)	LTIPs	
	2014 Plan	PSP (previous)	Current LTIP
Material misstatement of group financial accounts	up to 2 years after the payment of the cash element	up to 2 years after vesting (except where due to fraud or reckless behaviour when it shall be 6 years after vesting)	up to 2 years after vesting
Misconduct	up to 6 years after the payment of the cash element		up to 6 years after vesting
Fraud	unlimited		unlimited

Principles and approach to recruitment and internal promotion of directors

When hiring a new executive director, or promoting to the board from within the group, the committee will offer a package that is sufficient to retain and motivate and, if relevant, attract the right talent whilst at all times aiming to pay no more than is necessary. Ordinarily, remuneration for a new executive director will be in line with the policy set out in the table summarised above. However, discretion may be required for exceptional circumstances such as dealing with remuneration relinquished in a previous job.

The maximum level of on-going variable pay that may be awarded to new executive directors on recruitment or on promotion to the board shall be limited to 400% of base salary as set out in the policy table summarised above (calculated at the date of grant, excluding any buy-out awards – see below). Remuneration and any buy-out arrangements will be announced as far as possible at the time a new executive director or chairman is appointed, or in the following Directors' remuneration report.

When determining the remuneration of a newly appointed executive director, the Remuneration Committee will apply the following principles:

- The on-going remuneration package to be designed in accordance with the policy table summarised above.
- New executive directors will participate in the annual bonus scheme and long term incentive plan on the same basis as existing executive directors.
- The Remuneration Committee has discretion to grant one-off cash or share-based awards to executive directors where it determines that such an award is necessary to secure the recruitment of that executive director and where it is in the best interests of the company to do so. Such awards would only be made as compensation for remuneration relinquished under a previous employment (i.e. buy-out arrangements) and would be intended to mirror forfeited awards as far as possible by

reflecting the value, nature, time horizons and performance measures attached. In such circumstances, the company will disclose a full explanation of the detail and rationale for such one-off awards.

- In certain circumstances, it may be necessary to buy out long notice periods of previous employment.
- With regard to internal promotions, any commitments made before promotion and unconnected with the individual's promotion may continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled.
- For external and internal appointments, the Remuneration Committee may agree that the company will meet certain relocation expenses (including legal fees), as set out in the policy table.
- In determining the approach for all relevant elements, the Remuneration Committee will consider a number of factors, including (but not limited to) external market practice, current arrangements for existing executive directors and other internal relativities.

Service contracts

Shareholders are entitled to inspect a copy of executive directors' service contracts at the company's head office and at the AGM.

Executive directors' service contracts all have the following features:

- Contracts are drafted in line with best practice at the time the executive directors were appointed.
- Terminable on 12 months' notice by either party.

Specific provisions for Ashley Almanza and Himanshu Raja's contracts (dated 2013) include:

- Following board approval, Ashley Almanza is allowed to hold two external non-executive appointments and retain the fees paid to him for the appointments. He is currently a non-executive director of Noble Corporation and Schroders plc, but Mr Almanza will step down from the board of Schroders plc on 28 April 2016. Himanshu Raja is allowed to hold

one external non-executive appointment and retain any fees paid directly to him for the appointment, although he does not currently hold such an appointment.

- Mitigation obligations on termination payments are explicitly included in the executive directors' contracts. Notice payments for Ashley Almanza are payable monthly and those for Himanshu Raja are payable in two six-monthly instalments, in advance.

Non-executive directors' letters of appointment:

- Appointment is subject to the provisions of the articles of association of the company, as amended from time to time regarding appointment, retirement, fees, expenses, disqualification and removal of directors.
- All continuing non-executive directors are required to stand for re-election by the shareholders at least once every three years, although they have agreed to submit themselves for re-election annually in accordance with the UK Corporate Governance Code.
- Initial period of appointment is two years.
- All reasonably incurred expenses will be met.
- Fees are normally reviewed annually.

Directors' remuneration report *continued*

Loss of office payment

The duration of the notice period in the executive directors' contracts is 12 months.

The Remuneration Committee would consider the application of mitigation obligations in relation to any termination payments.

The contracts do not provide for the payment of a guaranteed bonus in the event of termination. Ashley Almanza will not be eligible for bonus accrual during any period of garden leave. Himanshu Raja's

contract does provide for such accrual, although any payment would depend on the discretion of the Remuneration Committee.

The value of the termination payment would cover the balance of any salary and associated benefits payments due to be paid for the remaining notice period, the value of which will be determined by the Remuneration Committee. The Remuneration Committee would also retain the discretion to make appropriate payments necessary

to finalise any settlement agreement, but in exercising such discretion the Remuneration Committee would remain mindful to ensure that there was no reward for failure.

The fees for outplacement services and reasonable legal fees in connection with advice on a settlement agreement may be met by the company.

The table below illustrates how each component of pay would be calculated under different circumstances:

Plan	Automatic "good leaver" categories	Treatment for "good leavers"	Treatment for other leavers
Annual bonus (cash element)	All leavers other than voluntary resignation and summary dismissal.	Executive directors may receive a bonus to be paid on the normal payment date and in accordance with the agreed performance measures but reduced pro-rata to reflect the time employed.	Bonus opportunity will lapse.
Annual bonus (deferred share element)	<ul style="list-style-type: none"> - Injury, disability or ill health - Redundancy - Retirement - Death - Termination without cause - Change of control or sale of employing company or business - Any other circumstances at the discretion of the Remuneration Committee 	Deferred shares may be released if the executive director ceases employment prior to the third anniversary as a result of one of the good leaver reasons.	Deferred share awards will lapse.
Performance Share Plan (previous)	<ul style="list-style-type: none"> - Injury, disability or ill health - Redundancy - Retirement - Death - Change of control or sale of employing company or business - Any other circumstances, provided that the Remuneration Committee considers there are exceptional circumstances 	Awards will vest on the relevant vesting date on a time-apportioned basis, unless the Remuneration Committee determines otherwise, and subject to the achievement of the performance measures.	Awards will lapse.
Long Term Incentive Plan (current)	<ul style="list-style-type: none"> - Injury, disability or ill health - redundancy - Retirement - Death - Change of control or sale of employing company or business - Any other circumstances at the discretion of the Remuneration Committee 	<p>Awards will vest on the relevant vesting date on a time-apportioned basis, unless the Remuneration Committee determines otherwise, and subject to the achievement of performance measures at the relevant vesting date.</p> <p>The vesting date for such awards will normally be the original vesting date, unless otherwise determined by the Remuneration Committee.</p>	Awards will lapse.

As directors may leave employment for a wide range of reasons, the Remuneration Committee retains discretion to approve payments where the reason for leaving does not fall precisely within the prescribed "good leaver" category. The committee will take account of the director's performance in office and the circumstances of their exit. The committee will seek to balance the interests of shareholders, the departing director and the remaining directors. Any awards subject to performance conditions would be assessed at the end of the relevant period and be subject to time apportionment.

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED INFORMATION)

Executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2015 financial year for each executive director; together with the comparative figures for 2014. Aggregate executive directors' emoluments are shown in the final column of the table.

	Base pay		Benefits		Annual Bonus		PSP		Pension related benefits		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Ashley Almanza	916,700	890,000	122,059	100,559	956,670	1,308,300	237,286	n/a	229,175	222,500	2,461,890	2,521,359
Grahame Gibson	329,332	609,084	69,831	83,604	281,938	439,823	180,867	0	131,733	243,633	993,701	1,376,864
Himanshu Raja	643,750	625,000	108,232	121,729	623,528	890,625	197,739	n/a	128,750	125,000	1,701,999	1,762,354

Notes:

- Grahame Gibson ceased to be a director on 4 June 2015, but continued to be employed by the group until 20 October 2015. The 2015 sums for base pay, benefits, annual bonus and pension-related benefits shown in the table are the payments he received in respect of his qualifying service to 4 June 2015. Payments made in relation to the period thereafter are set out on page 87. The sum shown in the table in relation to the PSP payment for 2015 is however the full amount paid to Mr Gibson since the performance period over which entitlement was measured ran from 2013 to 2015 and dividing the sum between the period before and after his retirement from the board is not meaningful. Mr Gibson's 2015 PSP entitlement was pro-rated to 20 October 2015.
- Benefits include car allowance, business-related travel, healthcare, disability and life assurance. Benefit values include the cost of certain travel, overnight accommodation, meals and memberships which HMRC treats as a taxable benefit and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense. The grossed-up amounts for 2015 are £70,777 for Ashley Almanza, £47,225 for Himanshu Raja and £7,716 for Grahame Gibson. Benefit values also include local travel costs of £16,668 and £37,504 for Ashley Almanza and Himanshu Raja respectively who bear the tax themselves, and other business costs which HMRC deems to be benefits. In 2015 for Grahame Gibson, the benefits value includes a total value of £32,498 relating to flights for him and his family between the UK and US.
- The 2014 benefits values also include taxes met by the company in respect of certain expenses which were incurred in the prior year.
- Part of Mr Gibson's salary was paid in sterling and part in US\$. The US\$ element has been converted into sterling for the purposes of reporting, at the exchange rates prevailing in each month in which Grahame Gibson was paid. The average exchange rate during the period was \$1.5326 (\$1.65055 in 2014).
- Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares which vest after a period of three years, apart from Grahame Gibson's 2015 annual bonus which was paid entirely in cash due to his retirement.
- In addition, for 2015, Ashley Almanza received £115,000 from Schroders plc and a fee of \$82,500 as well as shares valued at \$56,531 from Noble Corporation from his non-executive directorships referred to on page 81 and retained such remuneration. For 2014, the equivalent sums were £115,000, \$96,000 and \$230,993 respectively.
- Mr Almanza received an additional PSP award in May 2013 upon becoming CEO, the EPS performance period for which runs to 31 December 2015. The TSR performance however will not be measured until shortly before the vesting date in May 2016 and therefore the 2015 PSP figure in the table above does not include any sums which may be due in respect of the May 2013 award.

Non-executive directors

The following table shows a single total figure of remuneration in respect of qualifying services for the 2015 financial year for each non-executive director; together with the comparative figures for 2014. Aggregate non-executive directors' emoluments are shown in the last column of the table.

	Base fee		SID		Chair of Committee		Deputy Chair		Benefits		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
John Connolly	365,000	356,500	n/a	n/a	n/a	n/a	n/a	n/a	2,857	5,307	367,857	361,307
Adam Crozier	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	1,173	1,489	62,048	59,889
John Daly	35,028	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,530	n/a	36,558	n/a
Mark Elliott	60,875	58,400	13,000	10,750	18,250	17,775	n/a	n/a	10,995	2,495	103,120	89,420
Winnie Fok	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	11,416	10,087	72,291	68,487
Mark Seligman	25,922	58,400	n/a	n/a	n/a	7,582	20,220	46,800	6,417	2,166	32,339	114,948
Paul Spence	60,875	58,400	n/a	n/a	n/a	n/a	n/a	n/a	10,606	39,545	71,481	97,945
Clare Spottiswoode	60,875	58,400	n/a	n/a	18,250	17,775	n/a	n/a	2,341	1,916	81,466	78,091
Tim Weller	60,875	58,400	n/a	n/a	18,500	10,192	n/a	n/a	1,008	1,954	80,383	70,546

Notes: The above fees were pro-rated where the appointments or retirements were part way through the year.

- Mark Seligman stepped down as chair of the Audit Committee on 5 June 2014 and retired as a non-executive director on 4 June 2015.
- Tim Weller was appointed as Chair of the Audit committee on 6 June 2014.
- John Daly was appointed as a non-executive director on 5 June 2015.
- Benefit values include the cost of overnight accommodation, travel and meals which HMRC treats as a taxable benefit and on which the company has paid, or will in due course pay, tax as it does not consider such expenses to be benefits in the ordinary sense.

Directors' remuneration report *continued*

Further notes to the single total figure of remuneration tables (audited information)

2015 Annual bonus

During the financial year ending 31 December 2015, the performance measures relating to the annual bonus scheme rules were consistent with the remuneration policy, with 85% of the bonus for both Ashley Almanza and Himanshu Raja and 100% of the bonus for Grahame Gibson being based on achievement of challenging financial performance measures. The financial performance measures were based on budgeted group earnings and budgeted group operating cash flow before capital

expenditure. On-target performance would result in a payment of 60% of maximum entitlement, with 100% only being earned in the event of achievement of a stretch performance significantly in excess of budget.

The remaining 15% of the bonus for Messrs Almanza and Raja was linked to objectives relating to non-financial performance, which consist of personal objectives or relate to the organisation and which are linked to specific elements of the group's strategy for which the directors concerned had responsibility.

The maximum bonus potential has remained unchanged from 2014. It is 150% of base pay for Ashley

Almanza and Himanshu Raja and 125% of base pay for Grahame Gibson. Bonuses are paid in cash up to 50% of maximum entitlement. Where the bonus amount is in excess of 50% of the maximum bonus potential, the amount which exceeds 50% will be delivered in the form of a deferred share award which vests after a period of three years.

The tables below show how pay was linked to performance in 2015 and set out details of each of the financial measures, the targets in respect of these measures and the actual outcomes:

Ashley Almanza

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	70%	45%
Group OCF	£448m	£477m	15%	15%
Total			85%	60%

15% of maximum bonus potential was allocated to non-financial measures and the level of achievement was assessed at 10%.

Mr Almanza performed well in delivering the first phase of the strategy, strengthening the leadership team and developing a more efficient organisation. Safety remains an area where management has identified the need for performance improvement across the organisation.

Non-financial objectives were set in the following areas;

Health & safety
Strategy & execution
People & culture
Organisation
Governance

Himanshu Raja

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	70%	45%
Group OCF	£448m	£477m	15%	15%
Total			85%	60%

15% of maximum bonus potential was allocated to non-financial measures and the level of achievement was assessed at 5%.

Mr Raja met his cost leadership and operational excellence objectives in relation to procurement and the first phase of IT strategy development. Further focus is required on cost leadership within the finance organisation and cash management and controls.

Non-financial objectives were set in the following areas;

People, capability building, values and organisation
Governance & control
Operational Excellence
Cost Leadership initiatives

Grahame Gibson

Financial measures	Targets	Achievement	% of maximum bonus	Score achieved
Group Earnings	£195m	£196m	80%	51%
Group OCF	£448m	£477m	20%	20%
Total			100%	71%

Mr Gibson's bonus entitlement was pro-rated over the period in 2015 during which he was employed, i.e. to 20 October 2015.

The table below sets out the annual bonus awards which were made to executive directors in respect of the financial year ending 31 December 2015 based on the performance described above:

	2015 annual bonus (£)	2015 annual bonus (% of salary)	2015 annual bonus deferred (% of salary)
Ashley Almanza	£956,670	104%	29%
Himanshu Raja	£623,538	97%	22%
Grahame Gibson	£476,327	86%	0%

Mr Gibson's bonus shown here is the full payment made, including for the period after he stood down from the board.

Any bonus due above 50% of the individual's maximum bonus entitlement is awarded as deferred shares which vest after a period of three years. Additionally, Messrs Almanza and Raja immediately translated the cash element of their bonus (after tax) into G4S shares.

	Cash	Deferred shares
Ashley Almanza	£687,525	£269,145
Himanshu Raja	£482,813	£140,725
Grahame Gibson	£476,327	£0

Performance Share Plan (PSP)

The PSP values shown in the 2015 and 2014 columns of the single figure table relate to the PSP awards made in March 2013 and March 2012 for the three year performance periods ending on 31 December 2015 and 31 December 2014 respectively. The performance measures and targets of these PSP awards are set out below:

Half of each award (2012 and 2013)		Half of each award (2012 and 2013)	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting
Less than global CPI + 4% pa	Nil	Below median	Nil
Global CPI + 4% pa (11% over 3 years)	25%	Median	25%
Global CPI + 4 to 11% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%
Greater than global CPI + 11% pa (33% over 3 years)	100%	Upper quartile	100%

The table below illustrates the company's performance against the 2012 PSP award targets and the resulting payout as shown in the 2014 column of the single figure table:

	Performance	Vesting (% of element)
Average annual growth in EPS	Decrease of 7.2% pa	0%
Relative TSR	Ranked between 14th and 15th in peer group	0%
Total vesting		0% of maximum

The table below illustrates the company's performance against the 2013 PSP award targets and the resulting payout as shown in the 2015 column of the single figure table:

	Performance	Vesting (% of element)
Average annual growth in EPS	Increase of 8.1% pa	53%
Relative TSR	Ranked between 14th and 15th in peer group	0%
Total vesting		26.5% of maximum

Total pension entitlements (audited information)

Neither Ashley Almanza nor Himanshu Raja is a member of the group's pension plan, which is a defined contribution group personal pension plan available to all UK employees. Instead they receive cash allowances of 25% and 20% of their base pay, respectively.

Grahame Gibson ceased accruing pensions under the company's defined benefit scheme on 6 April 2006. A salary supplement in lieu of pension of 40% of basic salary was paid from then on until his

retirement on 20 October 2015. His total accrued pension in the defined benefits scheme at 31 December 2015 was nil (£24,200 at 31 December 2014).

In 2011, Grahame Gibson transferred the majority of his pension benefits to a private pension arrangement leaving a residual pension payable from age 60. Grahame Gibson has passed normal retirement date which was 17 January 2013 and the accrued pension set out above includes the application of a late retirement factor.

The earliest date when entitlement to a pension arises without consent and without actuarial reduction is age 60 (the normal retirement date).

On 3 March 2015, Grahame Gibson transferred his remaining and residual pension benefits in an amount of £363,188 to a private pension arrangement. The transfer value was calculated using the same actuarial basis as that used by the trustees of the pension scheme for all members.

SCHEME INTERESTS AWARDED DURING THE FINANCIAL YEAR (AUDITED INFORMATION)

Awards under the LTIP approved by the shareholders at the company's AGM in June 2014 were made in March 2015 consistent with the company's normal grant policy. Details of the awards made to the executive directors are summarised in the table below and further details are given in the table on directors' shareholdings and interests below:

Director	Award type	Number of shares	Face value (£)	Performance condition	EPS, TSR and AOCF Performance period	% vesting at threshold
Ashley Almanza	Conditional shares	788,627	2,291,750	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%
Grahame Gibson	Conditional shares	425,508	1,236,527	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%
Himanshu Raja	Conditional shares	443,048	1,287,500	40% EPS/ 30% TSR / 30% AOCF	01/01/2015 – 31/12/2017	25%

Notes:

- The face value calculation was based on a share price of £2.906 which represents the average closing share price during the three business days following the announcement of the company's 2014 financial results.
- Further details on performance conditions are set out in the table below.

Performance measures for long term incentives awarded in 2015

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	< 105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
+ 5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than + 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The bespoke comparator group consists of companies constituent of the FTSE 100 index corrected to exclude financial institutions and companies in the extractive sector and include competitor companies which are outside that index.

The company's current policy is to use market purchased shares

to satisfy LTIP awards. Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards, vesting at the end of the performance period.

The company calculates whether the EPS performance targets have

been achieved by reference to the group's audited accounts which provide an accessible and objective measure of the group's earnings per share. The committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising. TSR ranking will be verified externally.

Statement of directors' shareholding and share interest (audited information)

The executive directors are required to build up a minimum shareholding in G4S, as explained in the remuneration policy. Shares are valued for these purposes at the year-end price, which was 225.50p per share at 31 December 2015.

	2015	2014	Number of Deferred shares held as at 31/12/15	Total shares under LTIP awards subject to performance	Share ownership requirements (% of salary)	Shareholding requirements achieved at 31/12/15	Further shares acquired or deferred since 31/12/15
Ashley Almanza	150,000	100,000	306,149	2,528,364	200%	37%	405,218
Himanshu Raja	100,000	50,000	195,859	1,331,236	150%	36%	267,063
Grahame Gibson	550,000	657,553	0	1,246,734	n/a	n/a	n/a

Notes:

- Deferred share awards and PSP or LTIP awards do not include the further shares with a value equivalent to the dividends which are paid in respect of shares received. The number of shares is gross and will be subject to tax when they are released.
- In addition to the above, each of the directors has a deemed interest in the total number of shares held by the company's employee benefit trust. As at 31 December 2015, the trustees of the employee benefit trust held 6,320,144 shares (2014 – 6,408,450).
- Includes any shares owned by connected persons.
- There were no vested but unexercised interests.
- Since 31 December 2015 Mr Almanza acquired 191,935 shares outright and 146,410 deferred shares on 16 March 2016 and a further 66,873 shares on 22 March 2016 upon the vesting of the 2013 PSP and Mr Raja acquired 134,786 shares outright and 76,552 deferred shares on 16 March 2016 and a further 55,725 shares on 22 March 2016 upon the vesting of the 2013 PSP.

The shareholdings for non-executive directors are shown below.

	As at 31.12.2015	As at 31.12.2014
John Connolly	209,642	202,704
Adam Crozier	2,000	2,000
John Daly	–	n/a
Mark Elliott	25,000	25,000
Winnie Fok	20,000	20,000
Mark Seligman	n/a	75,496
Paul Spence	20,000	10,000
Clare Spottiswoode	4,681	4,681
Tim Weller	37,570	37,570

Since 31 December 2015 Mr Daly acquired 30,000 shares on 11 March 2016 and Mr Connolly acquired 100,000 shares on 16 March 2016.

There are no requirements for the non-executive directors to hold shares nor for any former directors to hold shares once they have left the company.

PAYMENTS TO PAST DIRECTORS (AUDITED INFORMATION)

Nick Buckles

Nick Buckles ceased to be a director in May 2013. His unvested awards under the 2013 PSP have been pro-rated to that date. Mr Buckles has been awarded shares to the value of £32,929 under that scheme.

Trevor Dighton

Trevor Dighton ceased to be a director in June 2013 and retired in July 2014. He was eligible on a pro-rata basis to July 2014 for an award under the 2013 PSP. Mr Dighton has been awarded shares to the value of £91,724 under that scheme.

PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

Grahame Gibson

Grahame Gibson, who stepped down as a director of the company on 4 June 2015, ceased to be an employee on 20 October 2015.

Mr Gibson was entitled under the terms of his contract to payment comprising the following amounts in respect of the period from 5 June 2015 until his contract came to an end on 20 October 2015:

- Base pay of £227,065
- Annual bonus of £194,338
- Benefits of £15,998
- Cash allowance in lieu of pension of £90,826

No further such payments are due to be made.

Mr Gibson's unvested awards under the PSP remained subject to performance and were pro-rated to 20 October 2015. The award made in 2013 has vested and the total amount paid under that award appears in the single figure table on page 83. The LTIP awards made in 2014 and 2015 remain subject to performance which will be tested at the normal vesting dates.

PERFORMANCE GRAPH AND TABLE

The line graph shows the seven-year annual Total Shareholder Return (TSR) performance against the FTSE 100 index. The directors believe this to be an appropriate form of broad equity market index against which to base a comparison given the size and geographic coverage of the company.

2009 – 2015 Total Shareholder Return



Directors' remuneration report *continued*

CEO's pay in last ten financial years

Year	2006	2007	2008	2009	2010	2011	2012	2013 ¹	2013 ¹	2014	2015 ²
Incumbent	Nick Buckles	Ashley Almanza	Ashley Almanza	Ashley Almanza							
CEO's total single figure of annual remuneration (£'000)	1,908	2,269	2,376	3,248	2,823	1,542	1,186	514	1,459	2,521	2,462
Bonus % of maximum awarded	76%	95%	83%	74%	53%	0%	0%	0%	72%	98%	70%
PSP% of maximum vesting	63%	75%	100%	100%	58%	14%	0%	0%	n/a	n/a	27%

Notes:

- Nick Buckles stepped down as CEO on 31 May 2013 and Ashley Almanza took over as CEO from 1 June 2013.
- After July 2011, the CEO's total single figure of annual remuneration included payment in lieu of pension. This was 40% of base pay for Nick Buckles and is 25% of base pay for Ashley Almanza. Prior to July 2011, a notional sum equal to 40% of relevant base pay has been included. The value of shares that vested in the relevant year under the PSP (or a notional value in the case of shares vested but unexercised) have been included in the prior year's CEO's total figures since that is the most relevant year for measurement of performance.
- The figures before 2013 did not include taxable expenses

PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's salary, benefits and bonus between 2014 and 2015 compares with the percentage change in the average of each of those components of pay

for a selected group of G4S employees. The Remuneration Committee has chosen all employees in the UK as the group which should provide the most appropriate comparator:

G4S employs 610,000 employees globally. Inflation is a key driver of

general increases in salary and the structure of the benefits provided is often driven by local market practice. Hence, as the Group CEO is based in the UK, employees in the same country, rather than all employees within the group, have been chosen as the comparator.

	Percentage change in remuneration between 2014 and 2015		
	Salary	Benefits	Bonus
CEO	3%	19%	(27)%
Average change for all other UK employees	4.4%	11%	See note below

Information on bonuses is not readily available for all other UK employees.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit.

	2015	2014	Change
Dividends paid	£145m	£143m	+1.4%
Total employee costs	£4,792m	£4,955m*	-3.3%

* Restated (see note (11))

There were no share buy-backs effected in either year.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2016

A summary of the directors' remuneration policy is set out on pages 77 to 82 and the full policy can also be found on www.g4s.com/investors.

Executive directors' remuneration

Base pay

For 2016, at the annual pay review, it was decided to increase

Mr Almanza's base pay by 1% from £916,700 to £925,867. No change was made to Mr Raja's base pay.

Annual Bonus Scheme

The annual bonus for the 2016 financial year will operate on the same basis as that for 2015 and will be consistent with the remuneration policy. The maximum bonus opportunity remains at 150% of base pay for both Ashley Almanza and Himanshu Raja. The financial measures are group earnings and operating cash flow. These have been selected as they support the

company's key strategic objectives. As for last year, the financial measures are allocated an 85% weighting for Ashley Almanza. For Himanshu Raja, the financial measures are allocated a lower weighting of 70% for 2016. The non-financial measures will therefore account for up to 15% and 30% of their maximum bonus opportunity for Messrs Almanza and Raja respectively.

These non-financial measures are based on the group's strategy and core values and cover the following key areas:

Ashley Almanza

- Embed a stronger health & safety culture
- Improve efficiency and effectiveness of the organisation, people and culture
- Implement market and product specific strategies
- Strengthen contract controls and take-on processes

Himanshu Raja

- Organisational efficiency, including procurement savings
- Integrated IT systems development and implementation
- Cash flow and capital expenditure management
- Fiscal efficiency

Details of the performance measures and targets are deemed to be commercially sensitive since they relate to the 2016 financial year.

To the extent that they are no longer commercially sensitive, targets and performance levels against them will be disclosed in the company's 2016 annual report and accounts. The proposed target levels for 2016 have been set to be challenging and align with the business plan. In reviewing the targets, the committee took into account a number of factors including for example the fact that in relation to group earnings, the minimum target that needs to be met in order for any bonus to be payable must be at least equal to the earnings in 2015. The committee considered the proposed targets relating to non-financial measures and concluded that these were also demanding.

Long Term Incentive Plan

The level of awards due to be granted in the 2016 financial year under the LTIP approved by the

shareholders at the 2014 AGM will be consistent with the remuneration policy. As for 2015, the Remuneration Committee considers that a combination of earnings per share growth, total shareholder return and cumulative cash flow targets are the most appropriate performance measures for the 2016 awards, as they provide a transparent method of assessing the company's performance, both in terms of underlying financial performance and returns to shareholders.

Awards granted under the LTIP during the 2016 financial year are subject to the performance conditions listed in the table below:

Performance measures for long-term incentives awarded in 2016

40% of each award granted		30% of each award granted		30% of each award granted	
Average annual growth in EPS period ending on 31 December in the third year	Proportion of allocation vesting	Ranking against the bespoke comparator group by reference to TSR	Proportion of allocation vesting	Average operating cash flow	Proportion of allocation vesting
Less than 5% pa	Nil	Below median	Nil	< 105%	Nil
5% pa (15% over 3 years)	25%	Median	25%	105%	25%
+ 5 to 12% pa	Pro-rata between 25% and 100%	Between median and upper quartile	Pro-rata between 25% and 100%	Between 105% and 125%	Pro-rata between 25% and 100%
Greater than + 12% pa (36% over 3 years)	100%	Upper quartile	100%	125%	100%

The company's current policy is to use market-purchased shares to satisfy LTIP awards.

Participants in the LTIP will receive a further share award with a value equivalent to the dividends which would have been paid in respect of LTIP awards vesting at the end of the performance period.

The company calculates whether the EPS performance targets have been achieved by reference to the group's audited accounts which provide an accessible and objective measure of the group's earnings per share.

Adjustments to the EPS will be made in respect of:

- Constant exchange rates – in line with previous years, these will be normalised to the rates in the base year
- Acquisitions – earnings will be added to the EPS base at the level used in the acquisition business case
- Disposals – earnings will be removed from the EPS base at the business plan rate
- Share buy-back – the company will only execute buy-backs if the investment is economically accretive and it is in the interest

of the company. The adjusted EPS for the purposes of calculating performance against the LTIP target shall be further adjusted by (a) increasing the average number of shares in issue during the performance year by the number of shares bought back during the past three years

(b) decreasing the net interest cost in the performance year in respect of the interest charge on the cash cost of any share buy backs during the past three years. Interest will be calculated at the group's average costs of funds for the year.

Directors' remuneration report *continued*

The Remuneration Committee will apply discretion in the event of impairment. If the impairment is not a result of management failure, then it will not impact the payout.

The Remuneration Committee may alter the terms of the EPS measure if it feels that it is no longer a fair measure and is no longer incentivising.

Operating cash flow is a measure taken before capital expenditure and investments to ensure that management is not incentivised to under-invest in growth opportunities. Operating cash flow is expressed as EBITDA +/- working capital and

provisions movement as a percentage of EBITDA. Average operating cash flow is the average over three years.

TSR ranking will be verified externally.

Non-executive directors' remuneration

The fees payable to the non-executive directors are set by the executive directors and the chairman. The fees payable to the non-executive chairman are set by the Remuneration Committee. In both cases, fees are reviewed mid-year.

ADVISORS TO THE REMUNERATION COMMITTEE

For 2015, the Remuneration Committee received advice from Deloitte as the committee's appointed advisor on executive and senior management remuneration matters. The Remuneration Committee has satisfied itself as to the independence of Deloitte. Deloitte is a member of the Remuneration Consultants Group and operates voluntarily under its code of conduct in the UK.

Advisor	Appointment	Services provided to Remuneration Committee	Fees for services to Rem Co	Other services provided to Company
Deloitte	2014	Advice on executive remuneration	£56,800	Advice on controls, tax advice on expatriate and share plans, and also provided other consulting services. These services were provided by different parts of Deloitte.

Fees for services to the Remuneration Committee are at an agreed rate based on time involved.

Herbert Smith Freehills LLP provided legal advice to the company, including in relation to the operation of the company's incentive arrangements. This advice was available to be considered by the Remuneration Committee.

The group chief executive, Ashley Almanza, provided guidance to the Remuneration Committee on remuneration packages for senior executives within the group. Further guidance was received from the group's HR directors, Irene Cowden (who held the role in the first six months of the year) and Jenni Myles (in the second six months) and the director of compensation and benefits Sok Wah Lee. Neither the group chief executive nor the group HR directors participated in discussions regarding their own remuneration.

The Remuneration Committee is satisfied that the advice it received during the year was objective and independent based on the experience of its members generally.

Information about who are the members of the Remuneration Committee and their attendance at meetings of the committee during the year under review can be found on page 76.

STATEMENT OF VOTING AT GENERAL MEETING

A resolution to approve the Directors' Remuneration Policy as set out in the company's annual report for the year ended 31 December 2013 was passed at the company's Annual General Meeting held on 5 June 2014.

At the company's Annual General Meeting held on 4 June 2015, a resolution was passed to approve the Directors' Remuneration Report (other than the part containing the summary of the Directors' Remuneration Policy) for the year ended 31 December 2014.

The results of the votes on these resolutions are set out in the table below:

Resolution	For	Against	Withheld
Directors' Remuneration Policy – 2014 AGM	98.38%	1.62%	787,216
Directors' Remuneration Report – 2015 AGM	96.92%	3.08%	334,376

Mark Elliott

Remuneration Committee Chairman

24 March 2016

Directors' report

This is the report of the directors of the board of G4S plc for the year ended 31 December 2015.

1 The company

G4S plc is a parent company incorporated in England and Wales with company number 4992207. It trades primarily through its subsidiaries and joint ventures in numerous jurisdictions. A list of those subsidiaries and joint ventures is set out on pages 171 to 188.

G4S plc has its primary listing on the London Stock Exchange and a secondary listing on the NASDAQ OMX exchange in Copenhagen.

2 Reporting obligations

In compliance with relevant listing rules and also DTR4.1.5.R and DTR4.1.8R, the annual report contains the consolidated results for the year; shown in the consolidated income statement on page 116, a management statement contained in the strategic report and in the Directors' report and responsibility statements on pages 91 to 95.

Details of the development and performance of the group's business during the year; its position at the year end, future developments, principal risks and uncertainties and prospects of the group and other information which fulfil the requirements of a management report are contained on pages 4 to 54 of the strategic report and are incorporated by reference in this Directors' report. The Corporate governance report, the Audit Committee report and the Directors' remuneration report set out on pages 55 to 90 and the Chief Financial Officer's review on pages 96 to 105 are also incorporated in this report by reference. The group's financial risk management objectives and policies in relation to its use of financial instruments and its exposure to price, credit, liquidity and cash flow risk, to the extent material, are set out in note 31 to the consolidated financial statements on pages 154 to 158 which is also incorporated by reference in this Directors' report.

None of the matters required to be disclosed by LR 9.8.4C R apply to the company other than shareholder waiver of dividends which is referred to in section 4 of this Directors' report.

3 Dividends

The directors propose the following dividend for the year:

- Interim dividend of 3.59p (DKK 0.3793) per share paid on 16 October 2015
- Final dividend of 5.82p (DKK 0.5615) per share payable on 10 June 2016

Shareholders on the Danish VP register will receive their dividends in Danish kroner. Shareholders who hold their shares through CREST or in certificated form will receive their dividends in sterling unless they prefer to receive Danish kroner by way of a cheque payable in the UK, in which case they should apply in writing to the Registrars by no later than 28 April 2016.

4 Capital

The issued share capital of G4S plc at 31 December 2015 is as set out on page 166 (note 35 to the consolidated financial statements) and consisted of 1,551,594,436 ordinary shares of 25 pence each. The number of shares in issue as at 24 March 2016 remains unchanged.

In general there are no restrictions on the holder's ability to transfer their shares or exercise their voting rights, other than in situations where the company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the holder is otherwise in default of an obligation to the company).

The company is not aware of any agreements between its shareholders that may restrict the transfer of their shares or the exercise of the voting rights attaching to them except in relation to the G4S Employee Benefit Trust ("the Trust") which has been established to facilitate certain employee share plans.

Resolutions granting the directors power, subject to certain conditions, to allot and make market purchases of the company's shares will be proposed at the company's Annual General Meeting. At 31 December 2015 the directors had authority in accordance with a resolution passed at the company's Annual General Meeting held on 4 June 2015 to make market purchases of up to 155,159,000 of the company's shares.

The company does not hold any treasury shares as such. However, the 6,320,144 shares held within the Trust and referred to on page 167 (note 36 to the consolidated financial statement) are accounted for as treasury shares. The Trust has waived its right to receive dividends in respect of the company's shares which it held during the period under review.

5 Significant agreements – change of control

The company is party to a GBP 1,000,000,000 multi-currency revolving credit facility agreement which requires prompt notification of a change of control event following which funds committed but unutilised could be cancelled and repayment of outstanding commitments would need to be made within 45 days.

The company entered into two US Private Placement Note Purchase Agreements (the "USPP Agreements"), on 1 March 2007 and 15 July 2008 respectively. The first USPP Agreement is for USD 550,000,000 and series B-D senior notes representing USD 450,000,000 remain outstanding and mature between 1 March 2017 and 1 March 2022. The second USPP Agreement is for USD 513,500,000 and GBP 69,000,000 and series C-F senior notes representing USD 298,500,000 and GBP 69,000,000 remain outstanding and mature between 15 July 2016 and 15 July 2020. Under the terms of both USPP Agreements, the company is required to offer the note holders the right to purchase the notes at par value together with interest thereon upon a change of control.

Under the terms of the GBP 2,000,000,000 Euro Medium Term Note Programme the company issued three tranches of Medium Term Notes (MTNs) to various institutions on 13 May 2009 (GBP 350,000,000), 2 May 2012 (Euro 600,000,000) and 6 December 2012 (Euro 500,000,000). In the event of a change of control, a put option comes into force, according to which holders of any MTN may require the company to redeem the MTNs at par if the MTNs carry a sub-investment grade in the period immediately prior to the change of control, or in certain circumstances where the MTNs are downgraded

to sub-investment as a result of the change of control.

The group's UK pension scheme trust deed contains provisions which apply if a takeover event occurs. Following such an event, the appointment and removal of trustees becomes subject to unanimous trustee agreement and the trustees acquire the unilateral power to set the employer contribution rates in certain sections of the scheme.

6 Post balance sheet events

There have been no material events from 31 December 2015 to the date of this report.

7 Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the group is carried out continuously. Research and development written-off to profit and loss during the year amounted to £8m (2014: £10m).

8 Employees

In 2015 the group undertook its fourth global employee engagement survey. The survey provided a wealth of feedback from employees and is the basis for the group's employee engagement plans for 2016. To encourage completion and to make it as accessible to as many employees as possible, the latest survey was offered in 39 languages and three versions (mobile, paper and on-line). Although voluntary, the completion rates in 2015 were very high with 449,000 employees taking the opportunity to respond to the survey. As with previous surveys, the questions were aligned to the employee engagement model, PRIDE, which describes how the group endeavours to protect, respect, involve, develop and engage employees so they can deliver great service each and every day. Local businesses are tasked with making sure they have engagement plans in place which reflect the feedback provided and address areas of concern raised by employees.

Other ways in which information is provided to and gathered from employees is via representative forums. Such forums exist to deal

with specific business issues like health and safety as well as for more general employee consultation and communication. At a global level the group's Ethical Employment Partnership with the global union federation UNI provides the opportunity for regular dialogue on matters which may be of concern to employees and their representatives. At a European level, the group has further enhanced the existing Works Council communication and consultation framework by producing a quarterly newsletter which has updates on topics likely to be of interest or affect employees across the European Union. The group values the insights from representative forums and takes action where necessary on matters raised to protect employment rights and prevent issues escalating to the detriment of the business.

The introduction of a new global intranet early in 2016 now provides opportunities to reach a much wider employee population than was possible previously. The 'Hub' is accessible by around 65,000 employees on-line and enables information about the company's performance and the factors impacting on it during the year to be shared in a structured way. The transition to a new technology platform has also increased the scope for gathering and sharing information on the business across the group's global, but increasingly connected, world. So too have advances in social media. In 2015 the group consolidated the plethora of social media sites that had sprung up to ensure consistent and comprehensive messages are communicated to employees from the past and present as well as anyone planning to join G4S in the future.

The group is constantly being challenged to deliver more with less; to innovate and find better ways of doing things in order to increase its competitive advantage. To achieve this the group recognises it needs to have the best people and to allow them to work in ways which maximise their contribution. Recruitment, training and development processes are aligned to this goal. The group tries to recruit people from the widest applicant pool and, as well as running its own recruitment

campaigns, it works with a number of specialist agencies who can help identify the best candidates including people with complex barriers to work who might be disabled or have challenges in securing suitable employment.

The group strives to promote equality of opportunity and build inclusive working environments that are reflective of the communities it serves. As well as having robust policies and procedures in place to prevent discrimination, diversity training is provided for managers and people involved in key processes such as recruitment and promotion. Positive steps are taken to achieve the aim of an inclusive workplace. In North America for example, this means updating the technology on their careers centre website to ensure that it is as accessible as possible and participating in outreach programmes with educational establishments to facilitate work-study programmes for students, trainees, or interns with disabilities. In the UK, where the group is the largest security services employer, research on equality and diversity across the industry was contributed to, seeking to understand the barriers to employment for individuals with protected characteristics as defined in the Equality Act 2010. The findings of the research are currently being reviewed and the group will take an active role in developing and implementing plans to make the industry more attractive and accessible to people from all backgrounds.

Where existing employees become disabled as a result of injury or illness there are support mechanisms in place to assist them in times of hardship such as a Trust Fund and Employee Assistance Programmes. Managers are provided with advice and guidance on making reasonable adjustments which will enable employees to continue to work effectively, develop in their current and any future roles and contribute fully irrespective of any disabilities they have.

9 Political donations

Each year the company's shareholders have passed a resolution on a precautionary basis to allow the company and its subsidiaries to make political donations to political organisations or incur political expenditure not exceeding £50,000. However, the board confirms that the group's policy is not to make any financial contribution to political parties and that the company and its subsidiaries have made no contributions during the year to political parties carrying on activities, or to candidates seeking election within the EU, or anywhere else in the world.

10 Greenhouse gas emissions

Alongside the risks faced by people and infrastructure from climate change are the challenges presented by global economic conditions.

Managing fuel costs and the impact of "carbon taxes" through programmes to improve the group's energy efficiency and reduce its environmental impacts are important to the continued effectiveness and sustainability of the group's business.

The group recognises the impact that its business activities can have on the environment and is committed to managing this impact in a responsible manner. Through its climate action programme the group measures, reports and aims to reduce the intensity of its environmental impact.

What we are doing

Since 2008 the group has used WBCSD* and WRI** Greenhouse Gas Protocol to measure its Scope 1 and 2 emissions – vehicle fleet, fuel, refrigerants and electricity usage for G4S businesses over which the group has financial and operational control. In addition the group has measured Scope 3 emissions from employee business air travel.

The businesses that reported data in the 2015 GHG measurement represent 96.2% of the group's operations, across a 12 month period. This level of measurement, including each of the group's main service types, allows reliable calculation of the total GHG emissions for 100% of the group.

How we are performing

The G4S total carbon footprint during 2015, extrapolated to 100% of the business equates to some 522,901 t/CO₂e.

These carbon emissions, including emissions generated by services which our customers have outsourced to G4S, have decreased by 5.5% since 2014 – against a 4% growth in the business during the same period. This is a positive

achievement which recognises the efforts made to increase the energy efficiency of our business.

* World Business Council for Sustainable Development

** World Resources Institute

Priorities for 2016

Continue to implement energy efficiency strategies with the aim of reducing carbon intensity by at least 4.5% per annum.

For further details of the group's climate action programme, please visit www.g4s.com/cap

GHG emissions

(Based on 96.2% measurement)	2014	2015
Vehicles (inc. refrigerants)	322,674	304,708
Total buildings (inc. refrigerants)	157,733	166,911
Including electricity emissions of	123,783	139,699
Air Travel	20,925	19,553

Carbon intensity

	2011	2012	2013	2014	2015
Tonnes CO ₂ e per £m turnover	85.4	79.3	81.4	80.7	77.0

11 Substantial holdings

The company had been notified under DTR 5 of the following interests in the ordinary capital of G4S plc:

As at 31.12.2015

Invesco	201,675,279 (12.99%)
BlackRock, Inc.	88,726,926 (5.71%)
Mondrian Investment Partners Limited	78,613,679 (5.07%)
Woodford Investment Management LLP	78,247,804 (5%)
Harris Associates LP	78,143,564 (5.04%)
Tweedy, Brown Company LLC	71,420,862 (5.06%†)

Between 1.1.2016 and 24.3.2016

Invesco Limited – 7.3.16	201,914,456 (13.01%)
Skagen Global – 15.3.16	46,872,279 (3.02%)

† notification received prior to issue of 140,925,757 new shares in August 2013, therefore percentage based on total shares in issue at that date

12 Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP, chartered accountants, as auditor to the company for 2016 and for their remuneration to be fixed by the Audit Committee will be submitted to the Annual General Meeting.

13 Directors

The directors, biographical details of whom are contained on pages 56 and 57, held office throughout the year apart from John Daly who was appointed on 5 June 2015. Grahame Gibson and Mark Seligman retired from the board at the conclusion of the company's Annual General Meeting on 4 June 2015.

In accordance with the code provisions on re-election of directors in the UK Corporate Governance Code, each of the directors continuing in office will offer themselves for re-election. Mark Elliott and Adam Crozier will retire from the board at the conclusion of the company's Annual General Meeting in 2016 and will not therefore stand for re-election. The board believes that the directors standing for re-election possess experience and expertise relevant to the company's operations; that they continue to be effective; that they are committed to the success of the company; and that they should be re-elected (or elected) at the Annual General Meeting.

The contracts of service of the executive directors have no unexpired term since they are not for a fixed term. They are terminable at 12 months' notice. None of the non-executive directors has a contract of service.

The company has executed deeds of indemnity for the benefit of each of the directors in respect of liabilities which may attach to them in their capacity as directors of the company. These deeds are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006 and have been in effect since 3 November 2006 for Mr Elliott, 14 June 2010 for Ms Spottiswoode, 1 October 2010 for Ms Fok, 8 June 2012 for Mr Connolly, 1 January 2013 for Messrs Spence and Crozier, 1 April 2013 for Mr Weller, 1 May 2013 for Mr Almanza, 7 October 2013 for Mr Raja and 5 June 2015 for Mr Daly. Copies of the forms of indemnity are available on

the company's website. In addition, indemnities have been granted by the company in favour of certain of the directors of certain of the group's subsidiaries in the UK, Germany, the Netherlands, India and the Philippines. The company has maintained a directors' and officers' liability insurance policy throughout the year under review.

Details of directors' interests (including the interests of their connected persons) in the share capital of G4S plc and of the directors' remuneration are set out on pages 74 to 90.

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

None of the directors had a material interest in any contract significant to the business of the group during the financial year:

By order of the board

Peter David
Company Secretary

24 March 2016

Directors' responsibilities

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

Each of the directors, the names of whom are set out on pages 56 and 57 of this annual report, confirm that, to the best of his or her knowledge:

- the financial statements in this annual report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and the group; and
- the management report required by DTR4.1.8R (contained in the strategic report and the Directors' report) includes a fair review of the development and performance of the business and the position of the company and the group taken as a whole, together with a description of the principal risks and uncertainties they face.

The strategic report from the inside front cover to page 53 includes information on the group structure, the performance of the business and the principal risks and uncertainties it faces. The financial statements on pages 116 to 201 include information on the group and the company's financial results, financial outlook, cash flow and net debt and balance sheet positions. Notes 22, 26, 27, 30 and 31 to the consolidated financial statements include information on the group's investments, cash and cash equivalents, borrowings, derivatives, financial risk management

objective, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Pages 116 to 188 contain information on the performance of the group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 31 to the financial statements. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Directors are also required to provide a broader assessment of viability over a longer period, which can be found on page 46 of the annual report and accounts.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

The statement of directors' responsibilities and the strategic report was approved by a duly authorised committee of the board of directors on 24 March 2016 and signed on its behalf by Himanshu Raja, Chief Financial Officer.

Himanshu Raja
Chief Financial Officer

24 March 2016



Himanshu Raja
Chief Financial Officer

A GOOD UNDERLYING PERFORMANCE

“We continued to make good financial progress with underlying revenue growth of 4% to £6.433bn and a 14% increase in underlying earnings to £227m. Our overall results were impacted by investment in restructuring and legacy issues, as a result of which statutory earnings were £8m.”

Introduction

We made good progress in 2015. Underlying earnings and earnings per share increased by 14% to £227m and 14.7p respectively. Underlying operating cash flow was £460m, compared to £528m in 2014 mainly due to a temporary increase in working capital associated with the strong revenue growth in the second half of 2015 of 5.4% and the impact of transitioning to a shared service centre in the UK which reversed in the first two months of 2016.

Our overall progress was impacted by the investment in restructuring, specific items, losses on businesses identified for sale or closure, goodwill impairment and amortisation in respect of historical acquisitions. As a result, statutory earnings were £8m, compared with £145m in 2014.

Restructuring

In 2015, we invested a further £44m in restructuring the group's operations addressing the cost structures in Latin America, Asia and the Middle East, Europe, North America and in the UK & Ireland. These programmes have payback periods of 12 to 36 months and deliver attractive double-digit economic returns.

Portfolio management

During the year we identified a further 38 businesses for sale or closure, and the associated revenue of £430m and operating losses of £35m of these businesses and those sold during 2015 were excluded from underlying results.

Since November 2013 we have identified 61 businesses for sale or closure with aggregate revenues of £1.2bn and £30m of PBITA losses of which we have divested 23 business generating proceeds of £281m. Through our continued focus on portfolio management, the group expects to generate additional proceeds of between £250m-£350m over the next 12 to 24 months.

Specific items: onerous contracts

We continued to actively manage the effect of legacy contracts and acquisitions which had a significant impact on our statutory results:

The group provided a further £65m provision for future losses principally related to legacy UK government contracts and identified a further contingent liability of £57m in respect of the Compass contract which, as set out further on page 99, may be extended by the customer for an additional two years to August 2019. Since November 2013, the group has incurred £246m in onerous contract charges principally in relation to legacy UK government contracts. If the Compass contract (see page 99) was extended, the total charges would be £303m. We continue to manage these contracts closely and efficiently and have established robust controls over new contracts to ensure that the group effectively evaluates and manages contract risk on future contracts.

Specific items: review of assets and liabilities

There was a net £5m charge comprising a £17m charge in respect of the re-measurement of assets and liabilities offset by £12m of pension-related gains. In 2013 the group carried out a review of the carrying value of its assets and liabilities as at 31 December 2012 and during 2015 these estimates and judgements have been updated to reflect any further changes in facts or circumstances. This concludes our review of the carrying value of assets and liabilities from 2012. All future related changes in estimates will flow through underlying results, unless these are individually material, in which case they will be separately disclosed in line with the group's policy as set out in note 3(c). Since November 2013, the group has incurred around £500m of charges in relation to legacy items including the review of assets and liabilities.

Goodwill impairment and amortisation

A charge of £106m has been incurred in respect of amortisation of acquisition related intangible assets (£40m) and impairment (£66m) of goodwill in respect of historical acquisitions made before 2013 and businesses held for sale or closure.

Net debt

The net debt for the group was £1.782bn and net debt to underlying EBITDA was 3.3x (2014: 3.0x). The group's business plan supports a net debt/EBITDA ratio of 2.5x or lower in the next 12-24 months.

In April 2015, the group's credit rating was confirmed by S&P as BBB-(stable).

2014 Restatements

Following the approval of shareholders at the 2015 Annual General Meeting, the group appointed PwC as its auditor for the 2015 financial year. We took the opportunity of the appointment of the new auditor to conduct a comprehensive review of accounting and reporting across the group. As set out in their report on pages 106 to 115, the scope of the audit was extensive. The financial statements for 2014 were restated to reflect prior year adjustments in respect of certain alarm sales and related

leases in Denmark, prior year errors identified in Africa and for errors in respect of accounting for acquisitions and disposals and related tax balances in North America between 2007 and 2014.

The net effect of these was to reduce 2014 statutory earnings by £7m, to increase operating cashflow by £10m and to reduce reserves at 31 December 2014 by £48m. The restatements do not affect the future cash generation of the group. The underlying and statutory results reflect these restatements with 2014 and 2015 all presented and accounted for on a like for like basis in the statutory and underlying results.

Improved capability and strengthened controls

Over the last two years, the group has made substantial progress in strengthening the capability of its finance, risk management and control processes. As I have previously reported, we have brought in new regional finance directors across our regions. During 2015, we appointed new regional finance directors for the newly created region of Middle East and India and for Africa. Since 2013, this means that the regional finance directors in five of the seven regions are new to the group and bring substantial experience of operating in global finance organisations.

As set out on page 47, we continue to operate the 3 lines of defence model. We continue to strengthen the first line of defence with investment in people, systems and controls. Specifically in 2015, we strengthened the finance capability across Africa with the appointment of a new regional controller and 12 new finance directors at country level.

Our regional risk and audit committees meet on a quarterly basis to monitor the effectiveness of the control environment and consider any material accounting judgements.

Our contract approval processes have also been significantly strengthened with enhanced controls in the risk assessment of our contracts pre-bidding, during the bid cycle, through mobilisation and in-life review. During 2015, these controls have been reviewed and tested by our group risk and internal audit functions to ensure

that they are robust and their work has been reviewed by the board Risk Committee.

Outlook

Against a background of global economic uncertainty, demand for our services remained resilient and growth accelerated in the second half of 2015, providing good support for further operating and financial progress in 2016. In the current economic environment we expect medium term demand for our services to grow by around 4-6% per annum.

Basis of preparation

The following discussion and analysis on pages 98 to 105 is based on, and should be read in conjunction with, the consolidated financial statements, including the related notes, that form part of this annual report. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU.

The group applies the basis of preparation as shown on page 120. To present underlying performance, 2014 comparative results are presented on a constant currency basis by applying 2015 average exchange rates. In addition, it excludes the results of certain businesses identified for sale or closure as part of the portfolio rationalisation programme announced by the group in November 2013 and excludes investment in restructuring, specific items, goodwill impairment and acquisition-related amortisation as well as interest and tax relating to joint ventures. A detailed reconciliation is provided below.

Income statement – reconciliation of statutory and underlying results

For the year ended 31 December 2015

	2015 ^a				2014 ^{ab} -restated			
	Revenue £m	PBITA £m	Earnings £m	Operating Cash Flow £m	Revenue £m	PBITA £m	Earnings £m	Operating Cash Flow £m
Statutory results^a	6,863	391	8	449	6,889	397	145	524
Portfolio businesses identified for sale or closure	(430)	35	40	11	(569)	19	25	4
Restructuring costs	–	–	44	–	–	–	29	–
Specific items:								
Onerous contract provisions	–	–	65	–	–	–	45	–
Other net specific items	–	–	5	–	–	–	13	–
Profit on disposal of subsidiaries	–	–	(12)	–	–	–	–	–
Acquisition-related amortisation and expenses	–	–	40	–	–	–	59	–
Goodwill impairment	–	–	66	–	–	–	–	–
Tax effect of specific items, restructuring and amortisation	–	–	(27)	–	–	–	(24)	–
Interest and tax from joint ventures	–	1	–	–	–	3	–	–
Non-controlling interests' share of specific items	–	–	(4)	–	–	–	–	–
Loss/(profit) from discontinued operations	–	–	2	–	–	–	(80)	–
Impact of exchange rates	–	–	–	–	(133)	(15)	(13)	–
Underlying results^a	6,433	427	227	460	6,187	404	199	528

The comparative results for 2014 have been restated for prior year adjustments which restated 2014 statutory earnings by £7m (decrease), cash flow from operating activities by £10m (increase) and shareholders' funds at 31 December by £48m (decrease). The restatements do not impact the future cash generation of the group. See note 3(w) for further details.

Reconciliation of 2014 statutory PBITA to 2014 underlying PBITA

	PBITA 2014 £m
Statutory^a PBITA as previously reported	414
Prior year restatement (page 128)	(7)
Prior year re-classifications (page 128)	(10)
Restated statutory PBITA	397
Portfolio businesses	19
Interest and tax from joint ventures	3
Impact of exchange rates	(15)
Restated underlying^{ab} PBITA	404

Underlying results

	2015	2014 ^{ab} Restated	YoY%
	£m	£m	
Revenue	6,433	6,187	4.0%
Profit before interest, tax and amortisation (PBITA)	427	404	5.7%
Interest	(100)	(119)	(16.0)%
Profit before tax	327	285	14.7%
Tax	(78)	(68)	14.7%
Profit after tax	249	217	14.7%
Non-controlling interests	(22)	(18)	22.2%
Profit attributable to equity holders of the parent	227	199	14.1%

a Basis of preparation of underlying results is on page 97 and of statutory results is on page 120.

b To aid comparability 2014 underlying results are shown at 2015 average exchange rates.

c 2014 operating cash flow is presented at 2014 average exchange rates.

Underlying Revenue and PBITA

Underlying revenue was £6,433m, an increase of 4.0% on 2014.

Emerging markets grew 8.6% year on year, with revenues of £2.3bn, and now represent 35% of group revenue (2014: 34%). Developed markets revenues were 1.6% higher than the prior year with strong growth in North America of 5.8% and growth in Europe of 2.6%. UK & Ireland revenues declined by 3.0% as the UK Electronic Monitoring contract ended in Q1 2014 and with the loss of a large retail contract in cash solutions in Q4 2014.

Gross margin declined 70b.p. to 19.1% (2014: 19.8%) but was offset by a 2% reduction in underlying selling, general and administration costs.

Underlying PBITA of £427m up 5.7% (2014: £404m) represents the continuing operations of the group. PBITA margin increased to 6.6% (2014: 6.5%). We saw effects of the slowdown of commodities and oil prices in the global markets in particular affecting some of our businesses in Africa and Latin America but were able to offset these with the benefits from our productivity programmes on direct labour efficiency, route planning, telematics and focus on organisational efficiency.

The benefits from our productivity programmes also allowed us to make the necessary investments in IT and procurement and to continue to invest a further £7m in sales and business development capability.

Corporate costs of £50m are £10m lower than for 2014 and benefit from cost and organisational efficiency offset by the investment in group procurement and IT capability.

Portfolio businesses identified for sale or closure

The group made further progress with its portfolio management programme and since 2013 we have sold or are exiting 61 businesses with annualised revenues of c.£1.2bn and operating losses of £30m, based on the last full year when each of these businesses formed part of the group. This programme is greatly improving the group's strategic focus and has also realised £281m in disposal proceeds in relation to the 23 businesses sold to date. Since 31 December 2015, a further four businesses have been identified for sale, with annualised revenues of £400m. The group's on-going portfolio management programme is expected to raise a further £250m to £350m over the next 12 to 24 months.

Restructuring costs

The group invested £44m (2014: £29m) in restructuring programmes during the year, relating to the multi-year efficiency programme across the group. During 2014 and 2015 these programmes have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. During the second half of 2015 these programmes began to address organisational efficiency in Latin America, Africa and North America.

Specific items

	2015 £m	2014 £m
Contracts review	(65)	(45)
Review of assets and liabilities	(17)	(34)
Pension curtailment gain	5	21
Pension claim settlement	7	–
Total specific items	(70)	(58)

Certain specific items have been disclosed separately from the underlying results to provide a better understanding of the underlying trading performance of the group. These include a net £70m (2014: £58m) specific items charge, comprising:

- £65m (2014: £45m) charge mainly resulting from revising the estimates and judgements relating to future losses on legacy UK government and PFI contracts, including the Compass contract.

Under the UK Compass asylum seeker contract with the Home Office, the group provides accommodation, transportation and subsistence services for asylum seekers whilst their claims are being processed. This contract commenced in 2012 and runs to 1 September 2017, with a potential extension of a further two years.

In 2014, an onerous contract provision was recognised in relation to the then-current assumptions regarding asylum seeker numbers, the duration and cost of accommodation and support services. We experienced a significant increase in the number of new asylum seekers between November 2015 and January 2016 and as a result the number of asylum seekers in our care increased by 9.6% year-on-year. We have updated the Compass provision based upon our best estimate of the increase in asylum seekers assigned to the group, the availability of suitable accommodation approved by local authorities, the speed of processing of applications by the immigration authority and the costs of support services.

To date, the Compass contract has not been extended and the onerous contract provision has been increased by £20m to £31m covering the period to August 2017. Should the contract be extended for the period to August 2019 then, based on the assumptions in the current provision being extended for the next two years, a further provision for £57m would be required.

The other principal onerous contract provision relates to a previously identified PFI contract entered into in 2005 and is subject to on-going discussions with the customer. A best estimate has been made based on a range of possible outcomes including a commercial or dispute resolution process.

- A net £5m charge in respect of the remeasurement of assets and liabilities of £17m offset by £12m of pension related gains:
 - £17m (2014: £34m which includes a £1m charge relating to specific items in joint ventures) charge as a result of updating the estimates and judgements applied to those assets and liabilities that were included in the balance sheet review performed in 2013.

In 2013 the group carried out a review of the carrying value of its assets and liabilities as at 31 December 2012, over and above its contract review, taking into account any changes in facts or circumstances since that date. This exercise required a level of judgement based on the group's then-current understanding of the circumstances surrounding each issue.

The results of the review were presented within specific items and since then any increase or reversal of provision for those items has been consistently reported as a specific item. As at 31 December 2015 these estimates and judgements have been updated to reflect any further changes in facts or circumstances during the year to 31 December 2015. This concludes our review of the carrying value of assets and liabilities from 2012. All future related changes in estimates will flow through underlying results, unless these are individually material, in which case they will be separately disclosed in specific items, in line with the group's policy (see note 3(c)).

- A £5m gain in relation to a pension curtailment as a result of transferring the future pension liabilities of the Netherlands Cash scheme to the industry wide pension fund (2014: £21m settlement gain on transfer of the past and future pension liabilities of the Netherlands Security scheme to the industry wide pension fund).
- Other gains of £7m (2014: £nil) relate to the successful resolution and settlement of certain legacy UK pension claims.

Profit on disposal of subsidiaries and goodwill impairment

During the year the group realised a profit on disposal of businesses of £12m (2014: £nil). In addition, the group recorded a goodwill impairment of £66m in relation to a business in Estonia and a number of businesses identified for sale or closure.

Interest

Net underlying interest payable on net debt was £88m (2014: £97m); benefiting from lower interest rates on swapped fixed to floating debt and the repayment of a 6.43% US\$150m bond in July. The pension interest charge was £12m (2014: £22m) resulting in total net interest costs of £100m (2014: £119m).

Tax

A tax charge of £78m (2014: £68m) was recognised on underlying profits of £327m (2014: £285m) which represents an effective tax rate of 24% (2014: 24%). The group recognised a statutory tax charge of £50m (2014: £46m) on profit before tax of £78m (2014: £128m) which represents an effective tax rate of 64% (2014: 36%).

The underlying effective tax rate for the year ended 31 December 2015 was 24%, including the impact of a credit of £9m in respect of the recognition of deferred tax assets on carried forward tax losses in various countries where the group expects to utilise those tax losses against projected taxable profits arising in the foreseeable future.

The underlying effective tax rate for the year ended 31 December 2014 has been restated to include the reallocation of certain non-profit based taxes in Latin America from the tax charge into underlying profits. The impact of this change reduced the underlying effective tax rate by 1% to 24%.

The group's underlying effective tax rate is sensitive to the geographic mix of its taxable profits and the respective country tax rates, hence if a higher proportion of future taxable profits arises in high tax countries the underlying effective rate will increase.

The difference between the effective tax rate on underlying and statutory profits is due primarily to the absence of tax relief on goodwill impairments, and the limited tax relief in respect of losses relating to portfolio businesses and restructuring costs. This limited tax relief results where the group does not have sufficient forecast taxable profits to support the recognition of deferred tax assets in respect of all such losses.

Discontinued operations

During the year progress was made in the collection of £26m (US\$40m) receivables relating to the sale of the US Government solutions business in November 2014. As at 31 December 2015, only £8m (US\$13m) receivables remain outstanding and are expected to be collected in the short term.

As at 31 December 2015 no further businesses remain classified as discontinued operations given that the entities currently being managed for sale or closure under the portfolio management programme are not significant enough to the group operations to be presented as discontinued operations under IFRS 5.

Non-controlling interest

Underlying profit attributable to non-controlling interests was £22m in 2015, an increase from £18m for 2014, mainly due to the strong performance of businesses in the Asia and Middle East region resulting in an increase in the share of profit accruing to non-controlling partners. Statutory profit attributable to non-controlling interests was £18m in 2015, only a slight increase from £17m in 2014 due to the partners' share of specific items charges in 2015.

Profit for the year – underlying and statutory

The group reported underlying profit attributable to equity holders ("underlying earnings") of £227m (2014: £199m), an increase of 14.1% for the year ended 31 December 2015.

The group's statutory earnings of £8m (2014: £145m) is after losses from portfolio businesses held for sale or closure of £40m (2014: £25m), restructuring costs of £44m (2014: £29m), provisions of £65m (2014: £45m) relating to onerous contract provisions, a net £5m (2014: £13m) from the review of assets and liabilities offset by pension related gains and a non-cash charge of £106m for amortisation of acquisition-related intangible assets and goodwill impairment (2014: amortisation of £59m) related to historical acquisitions, together with the corresponding tax effect.

Earnings per share

Underlying earnings per share increased to 14.7p (2014: 12.9p). Statutory earnings per share was 0.5p (2014: 9.4p). These are based on the weighted average number of shares in issue of 1,545m (2014: 1,545m). A reconciliation of the total and underlying EPS is provided below:

	Underlying earnings per share		
	2015	2014 at constant exchange rates Restated £m	2014 at actual exchange rates Restated £m
Profit for the year	249	217	229
Non-controlling interest	(22)	(18)	(17)
Adjusted profit attributable to shareholders	227	199	212
Average number of shares (m)	1,545	1,545	1,545
EPS (p)	14.7p	12.9p	13.7p

	Statutory earnings per share		
	2015	2014 at constant exchange rates Restated £m	2014 at actual exchange rates Restated £m
Profit for the year	26	148	162
Non-controlling interest	(18)	(18)	(17)
Adjusted profit attributable to shareholders	8	130	145
Average number of shares (m)	1,545	1,545	1,545
EPS (p)	0.5p	8.4p	9.4p

Chief Financial Officer's review *continued*

Cash flow

A reconciliation of operating profit to movement in net debt is presented below with 2015 presented at actual rates for the year and the prior year presented at 2014 exchange rates:

	2015	2014 Restated
	£m	£m
Cash flow from operating businesses	449	524
Electronic Monitoring receivable	–	27
Cash flow from continuing operations	449	551
Cash from discontinued operations	26	(2)
Net cash generated by operations	475	549
Investment in the business:		
Purchase of fixed assets, net of disposals	(104)	(119)
Restructuring investment	(46)	(47)
Disposal proceeds	14	159
Acquisition of businesses	(17)	(3)
Net debt in disposed/acquired entities	(3)	(12)
Net movement in finance leases	(27)	(11)
Net investment in the business	(183)	(33)
Net cash flow after investing in the business	292	516
Other (uses)/sources of funds:		
Net interest paid	(91)	(116)
Tax paid	(102)	(79)
Pension deficit payment	(44)	(42)
Dividends paid	(174)	(149)
Electronic Monitoring payment settlement (including fees)	–	(116)
Other	12	(23)
Net uses of funds	(399)	(525)
Net cash flow after investment, financing, tax, dividends and pensions	(107)	(9)
Net debt at beginning of period	(1,639)	(1,606)
Effect of foreign exchange rate fluctuations	(36)	(24)
Net debt at end of period	(1,782)	(1,639)

Reconciliation of operating cash flow from continuing operations to cash flow from continuing operations

	2015	2014 Restated
	£m	£m
Operating cash flow before movements in working capital	428	323
Net movement in working capital	(69)	23
Net cash flow from operating activities of continuing operations (page 119)	359	346
Adjustments for:		
Restructuring spend	46	47
Electronic Monitoring settlement (net of receivable)	–	89
Pension deficit payment	44	42
Cash flow from operating businesses	449	524

Cash flow from operating businesses was £449m (2014: £524m). Cash outflows from portfolio businesses held for sale or closure were £11m (2014: £4m) which are excluded from underlying operating cash flows. Underlying operating cash flow was £460m (2014: £528m, excluding corporate items in 2014 of £27m relating to the Electronic Monitoring contract settlement with the UK Government). The reduction in underlying cash flow was mainly due to a temporary increase in working capital associated with the strong growth in the second half of 2015 of 5.4% and the impact of transitioning to a shared service centre in the UK which reversed in the first two months of 2016.

The group invested £104m in capex (2014: £119m) and received proceeds of £14m (2014: £159m) from the disposal of portfolio businesses.

The net cash flow after investing in the business and proceeds from portfolio rationalisation was £292m (2014: £516m).

Net debt

The net debt position as at 31 December 2015 was £1,782m (2014: £1,639m). The group's net debt to underlying EBITDA ratio is 3.3x (2014: 3.0x). Net debt includes an increase of £36m (2014: £24m) due to the effect of foreign exchange translation differences relating to the group's debt held in foreign currencies (mainly US dollars and Euros) and the translation loss on cash and cash equivalents in emerging markets.

The detailed operating profit to net debt reconciliation is provided and is reconciled to the statutory cash flow on page 102. The group's business plan supports a net debt/EBITDA of 2.5x or lower in the next 12 to 24 months.

Net debt maturity

In April 2015, the group's credit rating was confirmed by Standard & Poor's as BBB- (Stable). As of 31 December 2015 the group had cash on hand of £443m and unutilised and committed facilities of £683m. The group has sufficient borrowing capacity to finance its current and medium term investment plans.

The group has no material debt maturities until May 2017 and has a diverse range of finance providers. Borrowings are principally in pounds sterling, US dollars and Euros reflecting the geographies of significant operational assets and profits.

The group's main sources of finance and their applicable rates as of 31 December 2015 are set out below:

Debt Instrument	Nominal Amount ^a	Issued Interest rate		Post hedging	Year of redemption and amounts (£m) ^b								Total	
		Interest rate	Avg Interest rate	Avg Interest rate	2016	2017	2018	2019	2020	2021	2022			
US PP 2008	£69m	7.55%	-7.56%	7.02%	25		44							69
US PP 2007	US\$450m	5.86%	-6.06%	1.15%		136		98				71		305
Public Bond May 2012	€600m		2.875%	3.17%	469									469
US PP 2008	US\$298.5m	6.78%	-6.88%	6.94%			143		51					194
Public Bond Dec 2012	€500m		2.625%	2.70%			394							394
Public Bond 2009	£350m		7.75%	6.99%				350						350
Revolving Credit Facility 2015	£1bn (multi curr)		Libor + 1%	1.78%							317			317
					25	605	581	448	51	317	71			2,098

a Nominal debt amount, for fair value carrying amount see note 31.

b Exchange rates at 31 December 2015 or hedged exchange rates where applicable.

During 2015 a £1bn multi-currency revolving credit facility provided by a consortium of lending banks at a drawn margin of 1.0% over LIBOR was put in place. The facility matures in January 2021, with the option of a one year extension which if exercised gives the group facilities through to January 2022. As at 31 December 2015 the drawings were US\$245m and £155m.

The group's average cost of gross borrowings in 2015, net of interest hedging was 4.0% (2014: 4.1%).

Financing and treasury activities

The group's treasury function is responsible for ensuring the availability of cost-effective finance and for managing the group's financial risk arising from currency and interest rate volatility and counterparty credit. Treasury is not a profit centre and it is not permitted to speculate in financial instruments. The treasury department's policies are set by the board. Treasury is subject to the controls appropriate to the risks it manages. These risks are discussed in note 31 on pages 154 to 158.

To assist the efficient management of the group's interest costs, the group operates a multi-currency notional pooling cash management system with a wholly owned subsidiary of an A-rated bank. At year end, credit balances of £55m were pooled with debit balances of £57m, resulting in a net pool debit balance of £2m. There is legal right of set-off under the pooling agreement and an overdraft facility of £3m.

Significant exchange rates applicable to the group

The group derives a significant portion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below. If December 2015 closing rates were applied to the results for the year to 31 December 2015, underlying PBITA would have remained unchanged at £427 million.

	As at 31 December 2015	At 2015 average rates	At 2014 average rates
£/US\$	1.4734	1.5282	1.651
£/€	1.3559	1.3795	1.244
£/South Africa Rand	22.8124	19.5175	17.863
£/India Rupee	97.5971	97.9690	100.761
£/Israel Shekel	5.7347	5.9441	5.896
£/Brazil Real	5.8359	5.1054	3.872

The sterling value of emerging market revenues (around one third of group revenues) was adversely affected by the sharp fall in many emerging market currencies and this reduced our statutory PBITA.

Dividend

In assessing the dividend, the board considers:

- the future investment in the continuing business;
- net debt to EBITDA;
- satisfying the group's pension obligations;
- the availability of distributable reserves in the parent company; and
- reward to shareholders.

The directors recommend a final dividend of 5.82p (DKK 0.5615) per share (2014: 5.82p per share; DKK 0.6041). The interim dividend was 3.59p (DKK 0.3793) per share and the total dividend, if approved, will be 9.41p (DKK 0.9408) per share, an increase of 1.8% (2014, the interim dividend 3.42p; DKK 0.3198 and the total dividend 9.24p; DKK 0.9239).

The proposed dividend cover is 1.6 times (2014: 1.5 times) on underlying earnings. The board's intention is that dividends will increase broadly in line with underlying earnings over the medium term.

Other information

Pensions

As at 31 December 2015 the net defined benefit pension obligation on the balance sheet was £355m (2014: £394m) or £238m net of tax (2014: £255m) of which £205m (2014: £264m) related to material funded defined benefit schemes. At 31 December 2015 the group transferred its Netherlands cash solutions defined pension scheme into the industry wide defined benefit scheme, resulting in a curtailment gain of £5m which was recorded within specific items.

The most significant pension scheme is in the UK and accounts for 74% (2014: 87%) of the total material scheme obligations. The scheme has approximately 30,000 members and further details of the make-up of the scheme are given in note 32 on page 160.

Defined benefit obligation – UK scheme

	2015 £m	2014 £m
Scheme assets	2,029	1,983
Obligations	(2,218)	(2,222)
Total UK obligations	(189)	(239)

The movement in the UK scheme obligation was as a result of an increase of £45m in the value of scheme assets principally arising from an increase in underlying asset values, as well as by the scheme obligations decreasing by £4m. The decrease in the obligation is mainly due to the discount rate increasing modestly to 3.8% (2014: 3.7%) partly offset by inflation rates increasing to 3.1% (2014: 3.0%). The group made additional pension contributions of £44m (2014: £42m) into the scheme during the year; and the group's current payment profile agreed with trustees in 2012 will result in an increase of next year's annual deficit recovery payment to £47m.

The group is currently working with the trustees on the 2015 triennial actuarial valuation which will determine future contributions for the repayment of the pension deficit. The results of this work are expected to be completed in the second half of 2016.

Interest rate risk and interest rate swaps

The group's investments and borrowings at 31 December 2015 were a mix of fixed rates of interest and floating rates of interest linked to LIBOR and EURIBOR.

The private placement notes in March 2007 and July 2008 and the public notes in May 2009, May 2012 and December 2012 were all issued at fixed rates, whilst the group's investments and bank borrowings were all at variable rates of interest linked to LIBOR and EURIBOR.

The group's interest risk policy requires Treasury to fix a proportion of its interest exposure on a sliding scale in US dollars, sterling and Euro, using the natural mix of fixed and floating interest rates emanating from the bond and bank markets and by utilising interest rate and cross currency swaps. Part of the proceeds of the private placement and public notes have been swapped to floating interest rates and accounted for as fair value hedges, with a net gain at 31 December 2015 of £40m (2014: net gain £49m). The market value of the pay-fixed receive-variable swaps and the pay-fixed receive-fixed cross currency swaps outstanding at 31 December 2015, accounted for as cash flow hedges, was a net liability of £36m (2014: net gain £9m).

Foreign currency

The group has many overseas subsidiaries and joint ventures, denominated in various different currencies. Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/ EBITDA ratio by holding foreign currency denominated loans, where possible. The group does not use foreign exchange contracts to hedge the residual portion of net assets not hedged by way of loans. The group believes that cash flow should not be put at risk by these instruments in order to preserve the carrying value of net assets.

At 31 December 2015, the group's US dollar and Euro net assets were approximately 83% and 90% respectively, hedged by foreign currency loans. As at 31 December 2015, net debt held in US dollar and Euro and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.5 times EBITDA generated from these currencies (2014: 2.3 times EBITDA).

Tax policy

The group's policy in relation to tax is as follows:

- we manage our tax affairs responsibly and transparently;
- we only undertake tax planning which aligns with our commercial and economic activity;
- we endeavour to fully involve our tax team in all significant business developments so that we can fully assess any potential tax consequences of our actions in advance;
- we utilise tax incentives, reliefs and exemptions in line with the tax legislation;
- in international matters, we follow the terms of the relevant Double Tax Treaties and OECD guidelines in dealing with such issues as transfer pricing and establishing tax presence;
- we actively seek open dialogue with Her Majesty's Revenue and Customs (HMRC) and other tax authorities, in pursuit of a professional relationship of constructive compliance, with the aim of achieving early agreement on disputed items and obtaining certainty where possible;
- we provide all relevant information when requested to do so by HMRC or other tax authorities;
- if we discover errors in tax returns or correspondence with tax authorities, we disclose and correct them promptly; and
- we take an active role in contributing to the UK and international tax policy-making process, where relevant, including taking part in formal and informal consultations.

The group operates in a large number of countries and is typically subject to tax in those jurisdictions. The group employs an in-house team of tax professionals who interface with the regional and country business and finance teams to manage the group's tax risks in a controlled and proactive manner. The complex international tax environment means that there is always an element of tax risk and uncertainty inherent within the group's operations. Group companies are routinely subject to tax audits which can take a considerable period of time to conclude. As and when appropriate, the group obtains advice from external professional firms to support its positions.

As a high-profile provider of public services, the group considers it is important that we increase the public's understanding of tax matters and their trust in larger corporate groups by being transparent about our tax affairs and cooperating with the tax authorities.

By responsibly managing the group's tax affairs in line with our tax policy, the group is also adhering fully to the Confederation of British Industry's seven tax principles.

Corporate governance

The group's policies regarding risk management and corporate governance are set out in the Risk management section on pages 46 to 54 and in the Corporate governance report on pages 60 to 73.

Himanshu Raja

Chief Financial Officer

Independent auditor's report to the members of G4S plc

Report on the financial statements

Our opinion

In our opinion:

- G4S plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs at 31 December 2015 and of the group's profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the consolidated statement of financial position at 31 December 2015;
- the parent company statement of financial position at 31 December 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flow for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the parent company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

G4S is an integrated security company specialising in the provision of security and related services to customers across around 100 countries which are organised into six geographical regions.

Overview

Materiality

- Overall group materiality: £13 million which represents approximately 5% of profit before tax, after adding back certain non-recurring items ("adjusted profit before tax").

Audit scope

- Our audit included full scope audits of the group's six geographical regions and the corporate head office region. The regional and corporate head office audits were supported by 108 country component audits with specified audit procedures performed at a further 17 country components.
- Taken together, the components at which audit work was performed accounted for 86% of consolidated revenue, 78% of consolidated profit before tax and 87% of consolidated adjusted profit before tax and covered all components that individually contributed more than 1% to consolidated revenue and consolidated profit before tax.

Areas of focus

- Onerous contract provisioning
- Goodwill impairment
- Prior year restatements (Denmark alarms accounting, Africa balance sheet review and accounting for acquisitions, disposals and related tax balances in North America between 2007 and 2014)
- Uncertain tax positions and deferred tax assets
- Control environment
- Income statement presentation
- Going concern

Context

The context of our audit is set by 2015 being our first year as external auditors of the group. As part of our audit transition, we performed specific procedures over opening balances by shadowing the prior year audit undertaken by the predecessor auditor; reviewing the predecessor auditor working papers in the UK and where permitted by local regulations in each of the group's in-scope countries, and re-evaluating the key management judgements in the opening balance sheet at 1 January 2015.

We performed year one process walkthroughs to understand and evaluate the key financial processes and controls across the group and, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, a review of the half year financial information. As a result of this work, we initiated alongside management early audit procedures on the group's 30 September 2015 balance sheet (otherwise known as a hard close audit) in each of the group's in-scope markets. The objective of the hard close audit was to ensure that each of our teams was appropriately orientated and able to decide what work needed to be done when and where at year-end, to enable early consideration of as many key accounting judgements as possible before the year-end and to identify any businesses or specific areas where additional audit attention might be required at year-end.

The audit transition, half year review and hard close audit were important in determining our final 2015 group audit scope and areas of focus.

As we undertook each phase of this first year audit, we regularly updated our risk assessment to reflect audit findings including our assessment of the group's control environment.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where management made judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Consistent with all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud, and the risk of fraud in revenue recognition. Procedures designed to address these risks included testing of material journal entries and post-close adjustments, testing and evaluating management's key accounting estimates for reasonableness and consistency, undertaking cut-off procedures to check proper cut-off of revenue and expenses and testing the occurrence and accuracy of revenue transactions. In addition, we incorporate an element of unpredictability into our audit work each year.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as areas of focus in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. Any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus

Onerous contract provisioning

Certain of the group's contracts are onerous and long-term in nature. These contracts can be complex and incorporate penalty and key performance indicator ("KPI") clauses in the event of non-compliance. The group is therefore required to make operational and financial assumptions to estimate future losses over periods that can extend beyond 20 years.

The prediction of future events contains inherent risk and a high degree of management judgement.

Variability of contract penalties, underlying delivery costs and customer disputes can put additional pressure on margins and on future contract profitability, giving rise to onerous contract provisions.

The group's onerous contract provisions at 31 December 2015 are £83m (2014: £47m). The income statement charge for onerous contracts in 2015 amounts to £65m.

Refer to Audit Committee report on page 68 and to note 33 of the group financial statements.

How our audit addressed the area of focus

Our global approach to testing complex contracts starts with an evaluation of management's process to identify and quantify onerous and at-risk contracts. Management focuses on the top 25 contracts by region and on contracts with margins of less than 3%. Our sampling of contracts focused our testing on higher risk and larger arrangements and enabled us to form an independent view as to whether management's process had identified all onerous and at-risk contracts. In addition, we performed scanning analytics on contract margins and investigated unusual or unexpected trends to check inclusion of relevant contracts in management's assessment. We subsequently evaluated the completeness of the group's onerous contract provisions, focusing in particular on the larger and more judgemental arrangements.

Independent auditor's report to the members of G4S plc *continued*

Report on the financial statements

For each contract in our sample, we obtained and read the contractual terms and tested that the revenue recognised in the period was in accordance with the contractual terms and was supported by evidence of service delivery. We read and understood the contract penalty clauses and evaluated the completeness of penalties through discussions with contract managers and reading meeting minutes between G4S and the customer and customer correspondence.

We assessed each of the key assumptions used in management's forecasts to identify and quantify onerous contract provisions. Where possible, we obtained third party evidence to corroborate management's assumptions and assessed the appropriateness of the company's forecasts based on past performance. The group's policy is to include the benefits of performance improvement plans only where there is evidence of plans being achievable. We critically challenged these benefits based on observable benefits achieved to date and the extent to which these plans are within the group's direct control.

We assessed the appropriateness of the discount rate used to present value the obligation and checked that the rate appropriately reflected the risk in the underlying cash flows.

We also challenged the recoverability of dedicated contract assets where the contract was identified as onerous. We are satisfied that assets directly attributable to delivering onerous contracts have been appropriately impaired at 31 December 2015.

Having examined management's analysis, our procedures focused on the Facilities Management and Care and Justice businesses in the UK and specifically on the legacy Compass and PFI contract which are long-term in nature, sensitive to changes in assumptions and have given rise to material changes in provisioning levels at year-end.

In respect of the Compass contract, we performed our own independent sensitivity analysis noting that the provision is most sensitive to changes in assumptions of user numbers and timing of contract termination. Our sensitivity analysis highlighted that small movements in these key assumptions have a significant impact on the year-end provision.

For both Compass and the legacy PFI contract, we also held discussions with group and regional legal counsel and read appropriate documentation to understand the legal position to evaluate customer claims and to assess any issues with the interpretation of contracts.

From the evidence obtained, we did not identify any incremental onerous contracts over and above the arrangements identified by management's own procedures. We considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgements that are required to formulate the provisions mean that the range of possible outcomes is broad. We are satisfied with the group's related disclosures of these onerous contracts and the associated sensitivities in light of the underlying assumptions and accounting judgements made.

Goodwill impairment

The group has £1.83bn of goodwill at 31 December 2015 (2014: £1.92bn).

During the year, the group recognised an impairment charge of £66m largely relating to the Estonia (£25m), South Africa Cash (£9m), Brazil Technology (£12m), Serbia (£8m), Papua New Guinea (£5m) and China Systems (£4m) cash generating units ("CGUs"). With the exception of Estonia, all impairments related to businesses classified by management as portfolio businesses held for sale or closure.

Management determines the recoverable amount of a CGU as the higher of value in use ("VIU") or fair value less cost of disposal ("FVLCD") for continuing operations. For portfolio businesses where management is committed to either sell or exit the business, a market valuation or market participant cash flows are used.

The carrying value of goodwill is contingent on future cash flows and there is risk if these cash flows do not meet the group's expectations that the assets will be impaired. The impairment reviews performed by the group contain a number of significant judgements and estimates including revenue growth, profit margins, cash conversion and long-term growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment calculations.

In the current year, management has revised its specific cash flow forecasting period from 15 years to five years to align the forecast projections to the group's budgeting period.

Refer to Audit Committee report on page 68 and to note 18 of the group financial statements.

How our audit addressed the area of focus

We assessed the mathematical accuracy of management's cash flow model and appropriateness of the change in the forecast period. The forecast period was found to be in line with the group's budget and strategic outlook.

We agreed the underlying forecasts to board approved budgets and assessed how these budgets were compiled.

With the support of our valuations experts, we assessed the terminal growth rates and discount rates applied by management to third party information and confirmed they fell within a reasonable range of external market data. Where they did not, we applied our independent view of a more appropriate rate to management's forecast.

We considered the reliability of management's forecasting for revenue, profit and cash conversion by comparing budgeted results to actual performance over a period of two years which we considered appropriate. Where we identified significant shortfalls against budget in prior years, this informed our determination of sensitivities to apply as we formed our independent view about reasonable downside scenarios.

We performed our own risk assessment by considering historical performance, forecasting accuracy and modelled headroom to highlight the CGUs with either a lower headroom or which are more sensitive to changes in key assumptions. We also considered the valuation multiple implied by management's estimate. Following these procedures, we focused our attention on the Estonia, South Africa Cash, Brazil Security and Greece CGUs.

We performed our own sensitivity analysis to understand the impact of changes in the assumptions on the available headroom. We focused in particular on Estonia and Brazil Security which are more sensitive to changes in assumptions than other CGUs.

Our sensitivity analysis highlighted that the Estonia and Brazil Security CGUs were particularly sensitive to changes in the discount rate. The Estonia CGU was also found to be sensitive to changes in future growth rates. We critically challenged management's forecast by comparing growth forecast to actual growth to date and to IMF projections. Based on our procedures we are satisfied that the £25m impairment for Estonia is appropriate.

Where the recoverable amount has been assessed with reference to a valuation multiple, including for portfolio businesses, we assessed the appropriateness of the multiple by comparison to recent business disposals and to other third party information. With the support of our valuations experts, these multiples were found to be within a reasonable range. Based on our procedures we are satisfied that the £12m impairment for Brazil Technology is appropriate.

The recoverable amount of a number of CGUs including UK Cash Solutions, Brazil Secure Solutions, China, Denmark, Greece, Democratic Republic of Congo, Guatemala and Zambia were found to be sensitive to reasonably possible changes in assumptions and we satisfied ourselves that this risk is appropriately highlighted in the disclosures in note 18.

As a result of our work, we determined that the quantum of the impairment recognised in 2015 was appropriate and adequate disclosure has been made.

Restatements

A number of prior period errors have been identified either as a result of our opening balance sheet procedures or from management's review of the group's balance sheet. Each of these adjustments was deemed to be material to the consolidated financial statements and has been restated accordingly as set out in note 3(w). The cumulative impact of these restatements was £48m on opening reserves at 1 January 2015 and a £7m reduction to profit in 2014.

Denmark alarms accounting

We undertook a detailed review of the group's accounting for alarm sales in Denmark. Considering both the legal form and economic substance of these arrangements, this review resulted in management making a number of changes to revenue recognition practices for sales of rental and non-rental alarms. In addition, the group's historical treatment of sale and leaseback transactions as operating rather than finance in nature was found to be inappropriate. In both cases, the errors had given rise to the acceleration of recognition of profit in prior years. The cumulative impact of these errors on the opening balance sheet at 1 January 2015 was £28m.

How our audit addressed the area of focus

We assessed whether the prior year accounting practices were appropriate and in accordance with IFRS given the legal form and economic substance of the arrangements between the group, its customers and the leasing company.

The change in accounting approach was supported by corroborating evidence such as underlying contractual arrangements, the net present value of future lease payments and the useful economic life of the alarms.

We performed audit procedures to test the completeness, accuracy and valuation of the adjustments made by management and to confirm that the group's disclosures in respect of this restatement as disclosed in note 3 were reasonable.

Africa balance sheet review

Following the appointment of new regional leadership in 2015, the ongoing review of the Africa balance sheet was completed. The review was performed on a country-by-country basis and focused on the recoverability of assets, completeness of liabilities and reconciliations between the underlying country ledgers and group consolidation system. Following this review, a number of adjustments were identified amounting to £26m in aggregate.

An analysis was subsequently performed by management to assess whether the adjustments represented a prior period error or change in estimate.

How our audit addressed the area of focus

With the assistance of our regional and country component audit teams, we examined management's analysis on a country-by-country basis and assessed the validity and accuracy of each of the adjustments. This work was further supported by our 2015 substantive audit procedures in the in-scope African countries.

Independent auditor's report to the members of G4S plc *continued*

Report on the financial statements

We assessed management's classification of each adjustment as either an error or change in estimate and the group's disclosure of items as such in note 3(w). Based on these procedures, we determined that the amounts deemed by management to be prior period errors and subject to restatement were consistent with the findings from our audit and that appropriate disclosure has been made.

Accounting for acquisitions and disposals in North America between 2007 and 2014

A number of prior period adjustments have arisen from the accounting for acquisitions and disposals in North America between 2007 and 2014. These adjustments mainly relate to the incorrect recognition of deferred tax liabilities and associated goodwill on US acquisitions in 2008 and 2009. In addition, certain errors were identified relating to the calculation of profits or losses on disposal of businesses in 2014 including the need to recycle cumulative foreign exchange from reserves on disposal of overseas subsidiaries. The aggregate impact of these errors on the opening balance sheet at 1 January 2015 was £6m.

Refer to Audit Committee report on page 68 and to note 3(w) of the group financial statements.

How our audit addressed the area of focus

We assessed the validity and accuracy of each adjustment with reference to the company's initial acquisition and disposal accounting judgements taken in prior years, underlying tax reconciliations and composition of reserves. As part of this assessment, we considered the root cause of the underlying errors and performed additional audit testing in North America and on the group's reserve balances in order to satisfy ourselves that no further material errors remained undetected. Based on these procedures, we satisfied ourselves that the adjustments identified were reasonable.

For each of the three prior period errors subject to restatement, which are described above, we considered whether similar errors had arisen elsewhere in the group. We did not identify any other errors impacting prior years that are material individually or in aggregate. No other material items arose from our procedures on the opening balance sheet.

Uncertain tax positions and deferred tax assets

The group operates in a complex multinational tax environment and is subject to a range of tax matters during the normal course of business including transaction related tax matters and transfer pricing arrangements.

Where the amount of tax payable is uncertain, the group establishes provisions based on management's judgement of the probable amount of the future liability. At 31 December 2015, the group has recognised provisions of £16m related to uncertain tax positions (2014: £22m).

In addition, the group has recognised £187m of deferred tax assets at 31 December 2015 (2014: £192m). The recognition of deferred tax assets involves judgement by management regarding the likelihood of the realisation of these assets. The expectation that these assets will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of these assets.

Refer to Audit Committee report on page 68 and to notes 13 and 34 of the group financial statements.

How our audit addressed the area of focus

With the assistance of our local and international tax specialists, we evaluated and challenged management's judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the group's tax provisions.

In understanding and evaluating management's judgements, we considered the status of recent and current tax authority audits and enquiries, judgemental positions taken in tax returns and current year estimates and developments in the tax environment. Where appropriate, we also read appropriate documentation to understand the legal positions reached. From the evidence obtained, we considered the level of provisioning to be acceptable in the context of the group financial statements taken as a whole. However, we noted that the assumptions and judgements that are required to formulate the provisions mean that there is a broad range of possible outcomes.

In respect of the recoverability of deferred tax assets, we evaluated the management's assessment of whether there will be sufficient taxable profits in future periods to support the recognition of deferred tax assets. We evaluated the directors' future cash flow forecasts and the process by which they were prepared ensuring consistency of cash flows with those used for the purpose of goodwill impairment testing. Based on our procedures, future cash flow forecasts were both consistent with those used for impairment testing and supported the recoverability of the deferred tax assets recognised.

In light of 2015 being a first year audit, we deployed our transfer pricing specialists to evaluate the appropriateness of the group's transfer pricing methodology, to consider recent experience with relevant tax authorities and to identify areas of heightened risk to focus our audit testing. Our procedures provided us with evidence that the related tax provisions, and disclosure thereof are materially appropriate and complete.

Control environment

The geographical span and decentralised structure of the group, coupled with the current disparate systems landscape and evolving control environment, means that there is an increased risk of errors remaining undetected and aggregating to cause a material misstatement to the group financial statements.

Refer to Audit Committee report on page 68 and to note 3(w) in the group financial statements.

How our audit addressed the area of focus

In recognition of the group's scale and decentralised structure and aligning to the group's regional management structure, we deployed teams in each of the group's regions to lead our interactions with regional management, to coordinate the audit work performed at a country component level and to audit and report on the aggregated financial information of that region.

As part of our first year audit procedures, we performed year one process walkthroughs to understand and evaluate the group's control environment. Considering the findings from these procedures and from our half year review, we initiated alongside management a hard close audit across all in-scope markets covering the 30 September 2015 balance sheet to enable the early identification of any accounting issues in advance of year-end. Based on the findings from our hard close audit, we instructed our component teams not to seek to rely on financial controls at the local business level but to perform a substantive audit focused on transaction testing and on the integrity of the year-end balance sheet. That said, we were able to leverage a number of process and control developments implemented at the regional level (including Regional Risk and Audit Committees, contract reviews and balance sheet reviews) in determining where to direct our audit attention.

With the support of our regional teams, we determined the entities to be included in our year-end group audit scope based on those locations with significant risk and those which contribute a significant amount to material line items in the group financial statements. Recognising the systemic risk associated with the current control and IT environment, all entities which contributed more than 1% of consolidated revenue were included in our year-end scope.

We applied a reduction to our overall materiality to set a performance materiality benchmark that we use to determine the nature, timing and extent of our detailed audit procedures. Our performance materiality benchmark reflects the group's evolving control environment, the risk of multiple misstatements resulting in a material misstatement and the history of past audit adjustments.

Wherever we identified audit adjustments, including but not limited to the prior period errors subject to restatement, we instructed our regional and country component teams to assess whether similar errors had arisen elsewhere. While we did identify audit differences across the group, management recorded the more significant items meaning that the uncorrected items reported to the Audit Committee were considered to be immaterial for adjustment, both individually and in aggregate.

Income statement presentation

The group has historically reported specific and other items (including restructuring costs) which are disclosed separately on the face of the income statement and which are excluded from management's reporting of the underlying results of the business. Consistent with the company's definition of profit before interest, tax and amortisation ("PBITA"), the following items have continued to be disclosed separately on the face of the income statement in 2015: net specific items £70m (2014: £57m); restructuring costs £44m (2014: £29m); goodwill impairments £66m (2014: £nil); and profit on disposal of subsidiaries £12m (2014: £nil).

The treatment of specific and other separately disclosed items is explained in the group accounting policy in note 3(c).

We focused on this area because the classification of items as specific requires judgement and because certain of these items are excluded from the calculation of elements of executive remuneration in line with the group's remuneration policy. Consistency in the identification and presentation of these items is important to ensure comparability of year-on-year reporting in the Annual Report.

Refer to Audit Committee report on page 68 and to note 3(c) of the group financial statements.

How our audit addressed the area of focus

We substantiated the nature and quantum of individual items to appropriate corroborating evidence.

We considered whether the designation of individual items as specific was consistent with the group's accounting policy and treatment in prior years.

We considered whether the group has taken a balanced approach to this area, checking that exceptional one-off items of income are treated consistently with one-off items of cost.

We tested management's process for identifying and tracking the current year reversal of any prior year specific items, or utilisation of or adjustment to related provisions, to identify whether these have been appropriately presented in the current year income statement.

Based on our procedures, we were satisfied that the treatment and classification of these items were consistent year-on-year and with the group's policies.

Going concern

The group has £1.78bn of net debt at 31 December 2015 (2014: £1.64bn). This includes committed bank facilities and private placement loan notes that are subject to financial covenants. The covenant restricts net debt to 3.5x the group's EBITDA subject to certain adjustments. During the year, the ratio of net debt to EBITDA has deteriorated.

Any breach of these financial covenants could impact the group's access to financing which could in turn impact the going concern basis under which the group's financial statements have been prepared. Predicting the future covenant compliance and liquidity position of the group is based on profit and cash flow projections which are inherently judgemental.

Refer to Audit Committee report on page 68.

How our audit addressed the area of focus

In assessing the appropriateness of management adopting the going concern basis in preparing the financial statements, we obtained and examined management's budgets and forecasts for the 12 month period from the date the financial statements were approved, checking that these forecasts have been subject to board review and approval.

We considered the historical reliability of management's forecasting for EBITDA, cash flow and net debt by comparing budgeted results to actual performance over a period of two years, which we considered appropriate.

Management's base case forecasts show sufficient resources being available to the group over the 12 month period from the date of approval of the financial statements to allow the group to continue to execute its strategy. In addition, management has prepared a downside case modelling a series of risk factors, including no further benefit from disposal proceeds and a deterioration in working capital performance. Under this downside scenario, management's forecasts continue to demonstrate covenant compliance and liquidity headroom compared to the group's borrowing limits during the 12 month going concern period.

We performed our own independent sensitivity analysis to understand the impact of changes in EBITDA, cash flow and net debt on the resources available to the group. Our independent sensitivity analysis also demonstrated that sufficient resources would be in place.

In addition, we recalculated the year-end covenants at 31 December 2015 using a consistent methodology to covenant certificates historically provided to the group's lenders.

Based on this work, we were satisfied that the preparation of these financial statements on a going concern basis is appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical structure of the group, the accounting processes and controls and the industry in which the group operates.

The group is structured into six geographical regions being Asia Middle East, Africa, Europe, Latin America, North America and the UK & Ireland ("UK&I"). A seventh corporate head office region is managed at a group level. Each geographical region ("regional component") is an aggregation of a number of country-based components along with the group's interests in joint ventures (together the "country components"). Each geographical region has a separate management team which coordinates the businesses within that region.

The group's accounting processes are structured around a local finance function in each of the country components, with the exception of the UK&I and North America regions where there are finance shared service centres supporting the UK and North American based businesses respectively. The country components report to the regions and to the group through an integrated consolidation system.

In performing our audit, we determined that we needed to conduct audit work over the complete financial information of each of the regional components. We therefore deployed regional component audit teams in each of the six regions to lead our interactions with regional management, to coordinate the audit work performed on the country components and to audit and report on the aggregated financial information of that region. In addition to the six regional components, we performed audit testing over the corporate head office region at a group level. Further specific audit procedures over central functions, the group consolidation and areas of significant judgement (including taxation, goodwill and intangible assets impairment, treasury and post-retirement benefits) were directly led by the group audit team.

Recognising that not every country component in each regional component is included in our group audit scope, we considered as part of our group audit oversight responsibility what audit coverage had been obtained in aggregate by our regional component teams by reference to country components at which audit work had been undertaken.

Beneath the regional component layer, the group financial statements are an aggregation of over 700 reporting units, each of which is considered to be a country component. We identified 108 country component units that, in our view, required an audit of their complete financial information due to their size or risk characteristics. Specific audit procedures over significant balances and transactions were performed at a further 17 country component units to give appropriate coverage of all material balances. None of the country components excluded from our group audit scope individually contributed more than 1% to consolidated revenue or to consolidated profit before tax.

Where the work was performed by regional and country component audit teams, we determined the level of involvement we needed to have in the audit work at those components. As a result, five of the six regions were visited by senior members of the group audit team as a supplement to the regular dialogue between our group and regional teams and the issuance of instructions to direct their work. Regional teams visited a further 10 country components performing oversight procedures under our instruction. Given the restatements identified during the year relating to Denmark alarms, Africa balance sheet review and accounting for North America acquisitions and disposals, all three components were visited by senior members of the group audit team. For those components in group audit scope where a site visit was not undertaken, our group and our regional component audit teams' involvement included regular dialogue with our country component teams, review of component auditor work papers and participation in certain component audit clearance meetings. We also held a two day audit planning workshop in London attended by our regional component teams, largely focused on the extensive planning of audit transition and our first year audit.

Taken together, the components and functions where we performed our audit work accounted for 86% of consolidated revenue, 78% of consolidated profit before tax and 87% of consolidated adjusted profit before tax. This was before considering the contribution to our audit evidence from performing audit work at the regional and group levels, including disaggregated analytical review procedures and our evaluation of entity level controls, which covers a significant portion of the group's smaller and lower risk components that were not directly included in our group audit scope.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	£13 million
How we determined it	Approximately 5% of profit before tax (£78m), adjusted for non-recurring items, comprising net specific items (£70m), goodwill impairments (£66m), restructuring (£44m) and profit on disposal of businesses (£12m).
Rationale for benchmark applied	The group's principal measure of earnings is profit before interest, tax and amortisation adjusted for a number of items of income and expenditure including those detailed above ("PBITA"). Management uses this measure as it believes that it reflects the underlying performance of the group. We took this measure into account in determining our materiality, except that we did not adjust profit before tax to add back acquisition-related amortisation and interest as in our view these are recurring items which do not introduce volatility to the group's earnings.
Component materiality	For each regional and country component in our audit scope, we allocated a materiality that was less than overall group materiality. The range of materiality allocated to each regional component was between £2m and £9.5m and to each country component was between £0.05m and £9m.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £700,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules, we are required to review the directors' statement, set out on page 95, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland), we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw to your attention other than the matters we have described in the going concern area of focus above.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the group and parent company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit, we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and parent company's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 opinions

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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion:

<ul style="list-style-type: none"> • information in the Annual Report is: <ul style="list-style-type: none"> – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and parent company acquired in the course of performing our audit; or – otherwise misleading 	We have no exceptions to report.
<ul style="list-style-type: none"> • the statement given by the directors on page 95, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and parent company acquired in the course of performing our audit. 	We have no exceptions to report.
<ul style="list-style-type: none"> • the section of the Annual Report on page 68, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee. 	We have no exceptions to report.

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

Under ISAs (UK & Ireland), we are required to report to you if we have anything material to add or to draw attention to in relation to:

<ul style="list-style-type: none"> • the directors' confirmation on page 63 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity. 	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none"> • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. 	We have nothing material to add or to draw attention to.
<ul style="list-style-type: none"> • the directors' explanation on page 46 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. 	We have nothing material to add or to draw attention to.

Under the Listing Rules, we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the group and the directors' statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules, we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 95, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Richard Hughes (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 March 2016

Consolidated income statement

For the year ended 31 December 2015

	Notes	2015 £m	2014 Restated* £m
Continuing operations			
Revenue	5, 6	6,863	6,889
<i>Operating profit before joint ventures, specific items and other separately disclosed items</i>			
		381	389
<i>Share of profit from joint ventures</i>	20	10	8
Profit before interest, tax and amortisation (PBITA)	6	391	397
<i>Specific items – charges</i>	8	(82)	(78)
<i>Specific items – credits</i>	8	12	21
<i>Restructuring costs</i>	8	(44)	(29)
<i>Profit on disposal of subsidiaries</i>	8	12	–
<i>Acquisition-related amortisation and expenses</i>	8	(40)	(59)
<i>Goodwill impairment</i>	8, 18	(66)	–
Operating profit	6, 8	183	252
Finance income	12	26	23
Finance expense	12	(131)	(147)
Profit before tax		78	128
Tax	13	(50)	(46)
Profit from continuing operations after tax		28	82
(Loss)/profit from discontinued operations	7	(2)	80
Profit for the year		26	162
Attributable to:			
Equity holders of the parent		8	145
Non-controlling interests		18	17
Profit for the year		26	162
Earnings per share attributable to equity shareholders of the parent			
15			
From profit from continuing operations:			
Basic and diluted		0.6p	4.2p
From profit from continuing and discontinued operations:			
Basic and diluted		0.5p	9.4p

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014.

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Notes	2015 £m	2014 Restated ¹ £m
Profit for the year		26	162
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Remeasurements relating to defined retirement benefit schemes		18	155
Tax on items that will not be re-classified to profit or loss	13	(11)	(36)
		7	119
Items that are or may be re-classified to profit or loss:			
Exchange differences on translation of foreign operations		(76)	(22)
Change in value of net investment hedging financial instruments		(22)	(10)
Change in fair value of cash flow hedging financial instruments		2	(6)
Tax on items that are or may be re-classified to profit or loss	13	1	6
		(95)	(32)
Other comprehensive (loss)/income, net of tax		(88)	87
Total comprehensive (loss)/income for the year		(62)	249
Attributable to:			
Equity holders of the parent		(81)	233
Non-controlling interests		19	16
Total comprehensive (loss)/income for the year		(62)	249

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Attributable to equity holders of the parent						Total reserves £m
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves ² £m	Total £m	NCI reserve £m	
At 1 January 2015 – restated	388	258	(42)	296	900	22	922
Total comprehensive income/(loss)	–	–	14	(95)	(81)	19	(62)
Dividends paid	–	–	(145)	–	(145)	(29)	(174)
Transactions with non-controlling interests	–	–	(2)	–	(2)	–	(2)
Share-based payments	–	–	7	–	7	–	7
Re-classification of non-controlling interests	–	–	(6)	–	(6)	6	–
At 31 December 2015	388	258	(174)	201	673	18	691
At 1 January 2014 – previously reported	388	258	(418)	636	864	20	884
Restatements ¹	–	–	(55)	–	(55)	–	(55)
Re-classification of hedging reserve	–	–	(3)	3	–	–	–
At 1 January 2014 – restated	388	258	(476)	639	809	20	829
Total comprehensive income/(loss)	–	–	265	(32)	233	16	249
Dividends paid	–	–	(138)	–	(138)	(11)	(149)
Transfer to retained earnings	–	–	308	(308)	–	–	–
Recycling of translation reserve on disposal	–	–	–	(3)	(3)	–	(3)
Transactions with non-controlling interests	–	–	(6)	–	(6)	(3)	(9)
Share-based payments	–	–	5	–	5	–	5
At 31 December 2014 – restated	388	258	(42)	296	900	22	922

1. See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of the profit for the year ended 31 December 2014 and of retained earnings at 1 January 2014.

2. See note 36 for an analysis of other reserves.

Consolidated statement of financial position

At 31 December 2015

	Notes	31 December 2015 £m	31 December 2014 Restated* £m	1 January 2014 Restated* £m
ASSETS				
Non-current assets				
Goodwill	18	1,828	1,924	1,940
Other acquisition-related intangible assets	18	47	84	141
Other intangible assets	18	82	82	77
Property, plant and equipment	19	427	468	517
Investment in joint ventures	20	18	41	34
Trade and other receivables	23	84	97	104
Retirement benefit surplus	32	76	75	31
Deferred tax assets	34	187	192	196
		2,749	2,963	3,040
Current assets				
Inventories	21	103	108	112
Investments	22	49	44	39
Trade and other receivables	23	1,316	1,366	1,378
Cash and cash equivalents	26	443	422	532
Assets classified as held for sale	25	58	6	220
		1,969	1,946	2,281
Total assets	6	4,718	4,909	5,321
LIABILITIES				
Current liabilities				
Bank overdrafts	26,27	(41)	(20)	(11)
Bank loans	27	(75)	(60)	(27)
Loan notes	27	(25)	(96)	(61)
Obligations under finance leases	28	(19)	(25)	(31)
Trade and other payables	29	(1,036)	(1,125)	(1,181)
Current tax liabilities		(36)	(55)	(48)
Provisions	33	(90)	(90)	(195)
Liabilities classified as held for sale	25	(30)	(4)	(133)
		(1,352)	(1,475)	(1,687)
Non-current liabilities				
Bank loans	27	(324)	(105)	(140)
Loan notes	27	(1,749)	(1,803)	(1,921)
Obligations under finance leases	28	(45)	(52)	(70)
Trade and other payables	29	(41)	(35)	(33)
Retirement benefit obligations	32	(355)	(394)	(535)
Provisions	33	(152)	(104)	(62)
Deferred tax liabilities	34	(9)	(19)	(44)
		(2,675)	(2,512)	(2,805)
Total liabilities	6	(4,027)	(3,987)	(4,492)
Net assets		691	922	829
EQUITY				
Share capital	35	388	388	388
Share premium		258	258	258
Reserves	36	27	254	163
Equity attributable to equity holders of the parent		673	900	809
Non-controlling interests		18	22	20
Total equity		691	922	829

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 1 January and 31 December 2014.

The consolidated financial statements were approved by the board of directors and authorised for issue on 24 March 2016. They were signed on its behalf by:

Ashley Almanza
Director

Himanshu Raja
Director

Consolidated statement of cash flow

For the year ended 31 December 2015

	Notes	2015 £m	2014 Restated* £m
Operating profit		183	252
Adjustments for non-cash and other items:			
Goodwill impairment		66	–
Acquisition-related amortisation and expenses		40	59
Profit on disposal of subsidiaries		(12)	–
Profit on disposal of fixed assets		2	(3)
Pension curtailment/settlement gain		(5)	(21)
Depreciation of property, plant and equipment		110	120
Amortisation of other intangible assets		25	25
Impairment of other fixed assets		–	4
Share-based payments		7	5
Share of profit from joint ventures	20	(10)	(8)
Increase/(decrease) in provisions		66	(68)
Additional pension contributions	32	(44)	(42)
Operating cash flow before movements in working capital		428	323
Change in inventory		(1)	(2)
Change in accounts receivable		(49)	10
Change in accounts payable		(19)	15
Net cash flow from operating activities of continuing operations		359	346
Net cash flow from operating activities of discontinued operations		26	(2)
Cash generated by operating activities		385	344
Tax paid		(102)	(79)
Net cash flow from operating activities		283	265
Investing activities			
Purchases of non-current assets		(111)	(135)
Proceeds on disposal of property, plant and equipment and intangible assets other than acquisition-related		7	16
Disposal of subsidiaries		14	159
Acquisition of subsidiaries		(17)	(3)
Cash, cash equivalents and bank overdrafts in disposed entities		(3)	(12)
Interest received		16	12
Purchase of investments		(1)	(2)
Cash flow from equity accounted investments		14	9
Net cash (used in)/generated by investing activities		(81)	44
Financing activities			
Dividends paid to equity shareholders of the parent		(145)	(138)
Dividends paid to non-controlling interests		(29)	(11)
Other net movement in borrowings		139	(91)
Interest paid		(107)	(128)
Repayment of obligations under finance leases		(31)	(32)
Movement in customer cash balances		–	(22)
Transactions with non-controlling interests		(2)	(10)
Net cash flow from financing activities		(175)	(432)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	37	27	(123)
Cash, cash equivalents and bank overdrafts at the beginning of the year		402	536
Effect of foreign exchange rate fluctuations on net cash held		(22)	(11)
Cash, cash equivalents and bank overdrafts at the end of the year	26	407	402

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014.

1. General information

G4S plc is a company incorporated in the United Kingdom. The consolidated financial statements incorporate the financial statements of the company and entities (its subsidiaries) controlled by the company (collectively comprising the group) and the group's interest in jointly controlled entities made up to 31 December each year. The group operates throughout the world and in a wide range of functional currencies, the most significant being the euro, the US dollar and sterling. The group's financial statements are presented in sterling, as the group's primary listing is in the UK. The address of the registered office is given on the inside back cover.

2. Statement of compliance

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (adopted IFRSs). The company has adopted FRS 101 ("Reduced Disclosure Framework") for the preparation of its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). These are presented on pages 189 to 201.

3. Significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the group have been prepared under the going concern basis and using the historical cost basis, except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies adopted are set out below. Judgements made by the directors in the application of those accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, are discussed in note 4.

The consolidated financial statements for the year ended 31 December 2014 have been restated to reflect prior year adjustments in respect of certain alarm sales and related leases in Denmark, prior year errors identified in Africa and for errors in respect of accounting for acquisitions, disposals and related tax balances in North America between 2007 and 2014.

The consolidated income statement for the year ended 31 December 2014 has been re-presented to reflect the re-classification of certain discontinued businesses that have not been sold within one year from the date they were classified into discontinued operations, into continuing operations. This re-classification has resulted in continuing revenue increasing by £41m, and continuing operating profit reducing by £7m, for the year ended 31 December 2014. In addition, £3m in respect of certain employee-related costs in Latin America has been re-classified to PBITA rather than tax in 2014 to align with the presentation within the 2015 results.

The consolidated statements of financial position at 31 December 2014 and at 1 January 2014 have been re-presented to show separately the £75m retirement benefit surplus within the GSL section of the UK defined benefit pension scheme, and for the re-classification of £16m of cash balances in North America previously reported within investments.

Further details of restatements and re-classifications are provided in note 3(w).

(b) Presentation of the income statement

In order to provide further clarity in the group's consolidated income statement and segmental analysis, the group separately discloses specific items, restructuring costs, profits or losses on disposal of subsidiaries, acquisition-related amortisation and expenses and goodwill impairment. This is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the underlying results of the group. The directors believe that presentation of the group's results in this way aids the understanding of the group's financial performance.

(c) Specific items and other separately disclosed items

Specific items

The group's consolidated income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management's judgement need to be disclosed separately in arriving at operating profit by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Specific items include the results of updating estimates and judgements for certain assets and liabilities related to the balance sheet review performed in 2013, where a group-wide review of the carrying value of assets and liabilities as at 31 December 2012 was performed. This exercise resulted in a number of assets being impaired as well as a number of provisions for onerous contracts and liabilities being recorded, as indicated in the 2013 annual report. Changes to the estimates made in relation to the liabilities and provisions then identified have since been classified as specific, including top-ups and reversal of provisions. The group has completed this review in 2015. All future related changes in estimates will flow through underlying results, unless these are individually material.

Contract losses included within specific items arise from the recognition of material future losses, net of the release of any surplus provisions. In general, provisions recognised for future losses are charged to the consolidated income statement within PBITA. Where onerous contract provisions are material by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses. Specific items may not be comparable to similarly titled measures used by other companies. Specific items for the current and prior year are disclosed in note 8.

Other separately disclosed items

In order to provide further clarity in the consolidated income statement, the group also discloses separately restructuring costs, profits or losses on disposal of subsidiaries, acquisition-related amortisation and expenses and goodwill impairment.

Restructuring costs that are separately disclosed reflect the multi-year efficiency programme which is being carried out by the group. This programme is of a strategic nature and, as such, is monitored and approved by the group's Executive Committee. During 2014 and 2015 activities under the programme have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. During the second half of 2015 this programme began to address organisational efficiency in Latin America, Africa, Asia and North America. Restructuring costs that are incurred in the normal course of business are recorded as part of the group's underlying trading results and are not separately disclosed.

(d) Basis of consolidation**Subsidiaries**

Subsidiaries are entities controlled by the group. Control is achieved where the group has existing rights that give it the current ability to direct the activities that affect the group's returns and exposure or rights to variable returns from the entity. This can be determined either by the group's ownership percentage, or by the terms of any shareholder agreement. In the case of certain investments detailed analysis of the different contracts in place is required, together with a level of judgement, to ascertain whether there is control under the definition of IFRS 10 'Consolidated financial statements' (see note 4).

On acquisition, the assets and liabilities and contingent liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the acquisition date fair value of the assets transferred as consideration to the vendor and does not include transaction costs. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the year of acquisition.

The cost of acquisition includes the present value of deferred and contingent consideration payable, including that in respect of put options held by non-controlling shareholders, as estimated at the date of acquisition. For acquisitions prior to 1 January 2010 subsequent changes to the present value of the estimate of contingent consideration and any difference upon final settlement of such a liability are recognised as adjustments to the cost of acquisition. For acquisitions after 1 January 2010 such changes are recognised in the income statement with respect to contingent consideration and in other comprehensive income with respect to put options. Non-controlling interests are stated at their proportion of the fair values of the assets and liabilities recognised. Profits and losses are applied in the proportion of their respective ownership to the interest of the parent and to the non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of control and up to the effective date of disposal, respectively.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are incorporated in the group's consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the group's share of the net assets of the joint venture, less any impairment in the value of the investment. The group's share of post-tax profits or losses is recognised in the consolidated income statement.

Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a group company transacts with a joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the relevant joint venture.

(e) Foreign currencies

The financial statements of each of the group's businesses are prepared in the functional currency applicable to that business. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities which are denominated in other currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value which are denominated in other currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured at historical cost denominated in other currencies are not retranslated. Gains and losses arising on retranslation are included in the income statement for the period.

On consolidation, the assets and liabilities of the group's overseas operations, including goodwill and fair value adjustments arising on their acquisition, are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expenses are translated into sterling at the average exchange rates for the period (unless this is

3. Significant accounting policies *continued*

(e) Foreign currencies *continued*

not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Exchange differences arising are recognised in other comprehensive income, together with exchange differences arising on monetary items that are in substance a part of the group's net investment in foreign operations and on borrowings and other currency instruments designated as hedges of such investments where and to the extent that the hedges are deemed to be effective. On disposal, translation differences are recognised in the income statement in the period in which the operation is disposed of.

(f) Derivative financial instruments and hedge accounting

In accordance with its treasury policy, the group only holds or issues derivative financial instruments to manage the group's exposure to financial risk, not for trading purposes. Such financial risk includes the interest risk on the group's variable-rate borrowings, the fair value risk on the group's fixed-rate borrowings, commodity risk in relation to its diesel consumption and foreign exchange risk on transactions, on the translation of the group's results and on the translation of the group's net assets measured in foreign currencies. The group manages these risks through a range of derivative financial instruments, including interest rate swaps, fixed rate agreements, commodity swaps, commodity options, forward foreign exchange contracts and currency swaps.

Derivative financial instruments are recognised in the consolidated statement of financial position as financial assets or liabilities at fair value.

The gain or loss on re-measurement to fair value is recognised immediately in the income statement, unless the derivatives qualify for hedge accounting where the treatment of any resultant gain or loss depends on the nature of the item being hedged as described below:

Fair value hedges

The change in the fair value of both the hedging instrument and the related portion of the hedged item is recognised immediately in the income statement.

Cash flow and net investment hedges

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to the income statement when the hedged cash flow or hedged net investment impacts the income statement. The ineffective portion of the fair value of the hedging instrument is recognised immediately in the income statement.

(g) Intangible assets

Goodwill

All business combinations are accounted for by the application of the acquisition method. Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary or joint venture at the date of acquisition. No goodwill arises on the acquisition of an additional interest from a non-controlling interest in a subsidiary as this is accounted for as an equity transaction. Goodwill is stated at cost, less any accumulated impairment losses, and is tested annually for impairment or more frequently if there are indications that amounts may be impaired. On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition-related intangible assets

Intangible assets on acquisitions that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquisition-related intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquisition-related intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earnings method.

Acquisition-related intangible assets are amortised by equal annual instalments over their expected economic lives. The directors review acquisition-related intangible assets on an ongoing basis and, where appropriate, provide for any impairment in value.

The estimated useful lives are as follows:

Trademarks and technology	up to a maximum of five years
Customer contracts and customer relationships	up to a maximum of ten years

Other intangible assets

Development expenditure represents expenditure incurred in establishing new services and products of the group. Such expenditure is recognised as an intangible asset only if the following can be demonstrated: the expenditure creates an identifiable asset, its cost can be measured reliably, it is probable that it will generate future economic benefits, it is technically and commercially feasible and the group has sufficient resources to complete development. In all other instances, the cost of such expenditure is taken directly to the income statement.

Capitalised development expenditure is amortised over the period during which the expenditure is expected to be revenue-producing, up to a maximum of ten years. The directors review the capitalised development expenditure on an ongoing basis and, where appropriate, provide for any impairment in value.

Research expenditure is written off in the year in which it is incurred.

Capitalised computer software is stated at cost, net of amortisation and any provision for impairment. Amortisation is charged on software so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives up to a maximum of eight years.

(h) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment other than freehold land. Depreciation is calculated so as to write off the cost of the assets to their estimated residual values by equal annual instalments over their expected useful economic lives as follows:

Freehold and long leasehold buildings	up to 50 years
Short leasehold buildings (under 50 years)	over the life of the lease
Equipment and motor vehicles	2 to 10 years

Assets held under finance leases are depreciated over the shorter of their expected useful economic lives and the terms of the relevant lease.

Where significant, the residual values and the useful economic lives of property, plant and equipment are re-assessed annually.

(i) Financial instruments

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

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost less provision for doubtful debts. Provisions are made where the group identifies a risk of non-payment, taking into account ageing, previous losses experienced and other local economic and market conditions and are calculated by discounting expected cash flows using the effective interest rate at origination of the receivable.

Service concession assets

Under the terms of a Private Finance Initiative (PFI) or similar project, the risks and rewards of ownership of an asset remain largely with the purchaser of the associated services. In such cases, the group's interest in the asset is classified as a financial asset and included at its discounted value within trade and other receivables, to the extent to which the group has an unconditional right to receive cash from the grantor of the concession for the construction of the asset. To the extent that the group has the right to charge for the use of such an asset, conditional upon the extent of the use, the group recognises an intangible asset.

Current asset investments

Current asset investments comprise investments in securities which are classified as held-for-trading. Such investments are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and that form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow.

Interest-bearing borrowings

Interest-bearing bank overdrafts, loans and loan notes are recognised at the value of proceeds received, net of direct issue costs. Finance charges, 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 rate method.

Trade payables

Trade payables are not interest-bearing and are stated initially at fair value.

Equity instruments

Equity instruments issued by the group are recorded at the value of proceeds received, net of direct issue costs.

(j) Inventories

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

3. Significant accounting policies *continued*

(k) Impairment

The carrying value of the group's assets, with the exception of inventories, financial receivables and deferred tax assets, is reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of any other asset, an impairment loss is reversed if there has been a change in the estimates used to determine its recoverable amount. The amount of the reversal is limited such that the asset's carrying amount does not exceed that which would have been determined (after depreciation and amortisation) if no impairment loss had been recognised.

(l) Employee benefits

Retirement benefit costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from the calculation is limited to unrecognised past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

For defined benefit plans, the cost charged to the income statement consists of current service cost, net interest cost, and past service cost. The finance element of the pension charge is shown in finance expense and the remaining service cost element is charged as a component of employee costs in the income statement. Actuarial gains and losses and other remeasurement gains and losses are recognised immediately in full through the statement of comprehensive income.

Share-based payments

The group issues equity-settled share-based payments to certain employees. The fair value of share-based payments is determined at the date of grant and expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, excluding changes resulting from any market-related performance conditions. The group also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is remeasured at each reporting date and at the date the liability is settled. Changes in the liability are recognised directly in the income statement.

(m) Provisions and contingent liabilities

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

In respect of claims and litigation, the group provides for anticipated costs where an outflow of resources is considered probable and a reasonable estimate can be made of the likely outcome. For all risks, the ultimate liability may vary from the amounts provided and will be dependent upon the eventual outcome of any settlement. Management exercise judgement in measuring the exposures to contingent liabilities (see note 33) through assessing the likelihood that a potential claim or liability will arise and in quantifying the possible range of financial outcomes.

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

(n) Restructuring provisions

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

The group distinguishes between restructuring costs that are recurring and those that relate to one-off or transformational group programmes that impact a number of operations.

Recurring restructuring costs that are incurred in the normal course of business are recorded as part of the group's underlying trading results within profit before interest, tax and amortisation (PBITA).

Restructuring costs that are one-off and individually material or relate to programmes linked to the group's wider transformation and require approval at executive level are disclosed separately in the consolidated income statement.

(o) Revenue recognition

The group's revenue arises from two primary sources – “Secure solutions” products, mainly comprising manned security and facilities management services, and “Cash solutions”, mainly the provision of physical cash management services.

Within “Secure solutions” there are additional revenue streams arising from:

- Technology services, comprising the supply, installation and monitoring of alarm systems, and security and building systems technology;
- Facilities management; and
- Care and justice services.

Within “Cash solutions” there is an additional revenue stream arising from technology services, comprising the provision of hardware and bundled software for the processing of cash receipts by customers.

In all of these business areas revenue is measured at the fair value of consideration received or receivable, net of discounts, VAT and other sales-related taxes.

Certain low volume high value government contracts, mainly for care and justice outsourcing services and facilities management services, can cover a range of bundled services over a long period of time, that are provided on a time and materials basis. Revenue for these types of contracts is recognised on an accruals basis based on the individual services provided and in accordance with the terms of the contract.

Where services provided to customers include more than one particular revenue source, such as the supply and installation of alarms together with an on-going maintenance contract, the fair value of each revenue source is separately identified and allocated to each element of the arrangement.

Manned security, cash management, facilities management, other care and justice services and security systems services

Revenue is recognised in the period in which the service is provided.

Security alarm systems installations

Revenue for B2B customers is recognised on completion of the installation, and the attributable costs of the installation are recognised as a cost of sale, given that the risks and rewards associated with the asset are transferred to the customer. This is a change in accounting policy from previous years, where the attributable costs were capitalised and depreciated over the useful life of the assets (see note 3(w)).

Revenue for B2C customers is deferred and recognised along with the revenue from the related monitoring service over the term of the contract given that legal and economic ownership of the assets remains with the group. This is a change in accounting policy from previous years, where the revenue was recognised on completion of the installation (see note 3(w)).

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

Long-term construction contracts

These contracts mainly relate to long-term construction of alarm or other technology installation projects, which span one or more reporting periods and where long-term contract accounting is applied.

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that it is likely that they will be agreed with the customer and hence recoverable.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are deemed likely to be recoverable. Contract costs are recognised as expenses as they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

(p) Pre-contract and mobilisation costs

Pre-contract costs in respect of major outsourcing contracts, incurred after the point at which the group achieves preferred bidder status (at which point it is considered probable that the contract will be obtained) and before contract mobilisation, are capitalised and expensed over the life of the contract, subject to recoverability criteria. Costs incurred prior to this point are expensed as incurred. Capitalised costs are expensed immediately in the event that preferred bidder status is not followed by the award of the contract, or where these may no longer be expected to be recovered through future profits.

Mobilisation costs are those costs incurred after the signing of a contract with a customer, and prior to commencement of delivery of the contract. Costs incurred during this stage are generally only capitalised if the criteria to be capitalised as inventories or as property, plant and equipment are met. In all other cases mobilisation costs are expensed as incurred.

3. Significant accounting policies *continued*

(q) Onerous contracts

Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management profit improvement plans to recover the position on loss-making contracts require a level of judgement and are generally taken into account in the calculation of the onerous contract provision only when implementation has commenced and tangible evidence exists of benefits being delivered. The provision is calculated based on discounted cash flows to the end of the contract.

In general, provisions recognised for future losses are charged to the consolidated income statement within PBITA. Where onerous contract provisions are material by virtue of their size, they are separately charged within specific items.

In-year operating losses from onerous contracts are accounted for as a utilisation of the related provision for future losses. Any excess or shortfall to the initial estimate for onerous contract provisions is credited or charged in the consolidated income statement consistent with where the charge for the initial provision was recognised.

Vacant property provisions are recognised when the group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on discounted cash flows to the end of the lease taking into account expected future sub-lease income.

(r) Interest

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount. Borrowing costs, also calculated using the effective interest rate method, are recognised as an expense in the income statement.

(s) Income taxes

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of each deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Tax liabilities or refunds may differ from those anticipated due to changes in tax legislation, differing interpretations of tax legislation and uncertainties surrounding the application of tax legislation. In situations where uncertainties exist, provision is made for tax liabilities and assets on the basis of management judgement following consideration of the available relevant information. Further detail on management's judgement in respect of taxation is provided in note 4.

(t) Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. On occasion this classification requires a level of judgement. All other leases are classified as operating leases.

Assets held under finance leases are recognised at the inception of the lease at their fair value or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments made or received are apportioned between finance charges or income and the reduction of the lease liability or asset so as to produce a constant rate of interest on the outstanding balance of the liability or asset.

Rentals payable or receivable under operating leases are charged or credited to income on a straight-line basis over the lease term, as are incentives to enter into operating leases.

(u) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

(v) Dividend distribution

Dividends are recognised as distributions to equity holders in the period in which they are paid or approved by the shareholders in general meeting.

(w) Prior year restatement and re-classifications***Prior year restatement***

During the year the group identified prior year errors that required the restatement of the results for the year ended 31 December 2014, as well as the consolidated statements of financial position as at 31 December 2014 and at 1 January 2014 due to their materiality. The nature of these restatements is as follows:

1. The revenue recognition policy previously applied in respect of the supply and installation of alarm systems in Europe, together with the underlying assumptions used in 2007 at inception of certain related sale and leaseback transactions entered into until 2013, were incorrect. These led to the incorrect timing of recognition of profit on installation of those alarm systems with upfront gains being recognised instead of being deferred over the life of the lease and to certain leases being classified as operating rather than as finance leases;
2. A number of legacy control weaknesses identified in the Africa region led management to perform a full review of the balance sheet in all countries of the region from which prior year errors were identified, mainly relating to cash reconciliations, under-accrual of employee and customer-related liabilities, incorrect classification of finance leases as operating leases and expenses incorrectly capitalised; and
3. A number of errors in respect of the calculation of goodwill on certain acquisitions, gains and losses on certain disposals and related tax balances in North America between 2007 and 2014 mainly resulting in goodwill being overstated as at 1 January 2014 and at 31 December 2014 and profit on disposals in 2014 being understated.

Prior year re-classifications

The consolidated income statement for the year ended 31 December 2014 has been re-presented to reflect the re-classification of certain discontinued businesses that have not been sold within one year from the date they were classified into discontinued operations, into continuing operations. This re-classification has resulted in continuing revenue increasing by £41m, and continuing PBITA reducing by £7m, for the year ended 31 December 2014. In addition, £3m in respect of certain employee-related costs in Latin America has been re-classified to PBITA rather than tax in 2014 to align with the presentation within the 2015 results.

The consolidated statements of financial position at 31 December 2014 and at 1 January 2014 have been re-presented to show separately the retirement benefit surplus within the GSL section of the UK defined benefit pension scheme, and for the re-classification of certain cash balances in North America previously reported within investments.

None of the prior year restatements or re-classifications impact the future cash generation of the group.

Notes to the consolidated financial statements *continued*

3. Significant accounting policies *continued*

(w) Prior year restatement and re-classifications *continued*

Summary

A summary of the combined impact on the consolidated income statement for the year ended 31 December 2014 as well as on the consolidated statement of financial position as at 31 December 2014, arising from the above restatements and the re-classifications, is as follows:

Consolidated income statement for the year ended 31 December 2014	As reported £m	Restatement for prior year errors £m	Restated £m	Re-classifications £m	Re-presented £m
Revenue from continuing operations	6,848	–	6,848	41	6,889
Operating profit before specific items	414	(7)	407	(10)	397
Profit before tax	148	(8)	140	(12)	128
Profit from continuing operations after tax	106	(13)	93	(11)	82
Profit from discontinued operations	63	6	69	11	80
Profit for the year	169	(7)	162	–	162

Consolidated statement of cash flow for the year ended 31 December 2014	As reported £m	Restatement for prior year errors £m	Restated £m	Re-classifications £m	Re-presented £m
Net cash flow from operating activities	255	10	265	–	265
Net cash generated by investing activities	26	2	28	16	44
Net cash flow from financing activities	(417)	(15)	(432)	–	(432)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(136)	(3)	(139)	16	(123)
Cash, cash equivalents and bank overdrafts at the beginning of the year	538	(2)	536	–	536
Effect of foreign exchange rate fluctuations on cash held	(11)	–	(11)	–	(11)
Cash, cash equivalents and bank overdrafts at the end of the year	391	(5)	386	16	402

Consolidated statement of financial position as at 31 December 2014	As reported £m	Restatement for prior year errors £m	Restated £m	Re-classifications £m	Re-presented £m
Goodwill	1,939	(15)	1,924	–	1,924
Property, plant and equipment	450	18	468	–	468
Retirement benefit surplus	–	–	–	75	75
Deferred tax assets	176	16	192	–	192
Investments	60	–	60	(16)	44
Trade and other receivables	1,371	(5)	1,366	–	1,366
Cash and cash equivalents	409	(3)	406	16	422
Other assets	417	1	418	–	418
Total Assets	4,822	12	4,834	75	4,909
Obligation under finance leases (current)	(14)	(11)	(25)	–	(25)
Trade and other payables (current)	(1,103)	(22)	(1,125)	–	(1,125)
Obligation under finance leases (non-current)	(26)	(26)	(52)	–	(52)
Retirement benefit obligations	(319)	–	(319)	(75)	(394)
Other liabilities	(2,390)	(1)	(2,391)	–	(2,391)
Total Liabilities	(3,852)	(60)	(3,912)	(75)	(3,987)
Net assets	970	(48)	922	–	922
Equity	970	(48)	922	–	922

Full details of the impact of each of the prior year adjustments on the line items in the consolidated income statement and statement of cash flow for the year ended 31 December 2014 and on the statements of financial position as at 31 December 2014 and 1 January 2014 by reporting segment are shown below:

Consolidated income statement for the year ended 31 December 2014	As reported £m	Europe restatement £m	Africa restatement £m	North America restatement £m	Restated £m	Re- classifications £m	Re- presented £m
Revenue from continuing operations	6,848	1	(1)	–	6,848	41	6,889
Operating profit before specific items	414	9	(16)	–	407	(10)	397
Profit before tax	148	7	(15)	–	140	(12)	128
Profit from continuing operations after tax	106	5	(17)	(1)	93	(11)	82
Profit from discontinued operations	63	–	–	6	69	11	80
Profit for the year	169	5	(17)	5	162	–	162

Consolidated statement of cash flow for the year ended 31 December 2014	As reported £m	Europe restatement £m	Africa restatement £m	North America re- classification* £m	Restated £m	Re- presented £m
Net cash flow from operating activities	255	11	(1)	–	265	265
Net cash generated by investing activities	26	3	(1)	–	28	44
Net cash flow from financing activities	(417)	(14)	(1)	–	(432)	(432)
Net decrease in cash, cash equivalents and bank overdrafts	(136)	–	(3)	–	(139)	(123)
Cash, cash equivalents and bank overdrafts at the beginning of the year	538	–	(2)	–	536	536
Effect of foreign exchange rate fluctuations on cash held	(11)	–	–	–	(11)	(11)
Cash, cash equivalents and bank overdrafts at the end of the year	391	–	(5)	–	386	402

* Certain cash balances in North America previously reported within investments were re-classified to within cash to more accurately reflect their nature.

Notes to the consolidated financial statements *continued*

3. Significant accounting policies *continued*

(w) Prior year restatement and re-classifications *continued*

Consolidated statement of financial position at 31 December 2014	As reported £m	Europe restatement £m	Africa restatement £m	North America restatement £m	Restated £m	Re- classifications £m	Re- presented £m
ASSETS							
Goodwill	1,939	–	–	(15)	1,924	–	1,924
Property, plant and equipment	450	15	3	–	468	–	468
Retirement benefit surplus	–	–	–	–	–	75	75
Deferred tax assets	176	5	–	11	192	–	192
Other non-current assets	303	–	–	–	303	–	303
Investments	60	–	–	–	60	(16)	44
Trade and other receivables	1,371	–	(5)	–	1,366	–	1,366
Cash and cash equivalents	409	–	(3)	–	406	16	422
Other current assets	114	–	1	–	115	–	115
Total assets	4,822	20	(4)	(4)	4,834	75	4,909
LIABILITIES							
Obligations under finance leases	(14)	(10)	(1)	–	(25)	–	(25)
Trade and other payables	(1,103)	(7)	(15)	–	(1,125)	–	(1,125)
Provisions	(90)	–	–	–	(90)	–	(90)
Current tax liabilities	(69)	–	–	14	(55)	–	(55)
Other current liabilities	(178)	–	(2)	–	(180)	–	(180)
Obligations under finance leases (non-current)	(26)	(23)	(3)	–	(52)	–	(52)
Trade and other payables (non- current)	(23)	(12)	–	–	(35)	–	(35)
Provisions (non-current)	(105)	2	(1)	–	(104)	–	(104)
Retirement benefit obligations	(319)	–	–	–	(319)	(75)	(394)
Deferred tax liabilities (non-current)	(17)	2	–	(4)	(19)	–	(19)
Other non-current liabilities	(1,908)	–	–	–	(1,908)	–	(1,908)
Total liabilities	(3,852)	(48)	(22)	10	(3,912)	(75)	(3,987)
Net assets	970	(28)	(26)	6	922	–	922
EQUITY							
Share capital	388	–	–	–	388	–	388
Share premium and reserves	560	(28)	(26)	6	512	–	512
Equity attributable to equity holders of the parent	948	(28)	(26)	6	900	–	900
Non-controlling interests	22	–	–	–	22	–	22
Total equity	970	(28)	(26)	6	922	–	922

Consolidated statement of financial position at 1 January 2014	As reported £m	Europe restatement £m	Africa restatement £m	North America restatement £m	Restated £m	Re- classifications £m	Re- presented £m
ASSETS							
Goodwill	1,955	–	–	(15)	1,940	–	1,940
Property, plant and equipment	484	29	4	–	517	–	517
Retirement benefit surplus	–	–	–	–	–	31	31
Deferred tax assets	184	7	–	5	196	–	196
Other non-current assets	356	–	–	–	356	–	356
Investments	39	–	–	–	39	–	39
Trade and other receivables	1,380	–	(2)	–	1,378	–	1,378
Other current assets	864	–	–	–	864	–	864
Total assets	5,262	36	2	(10)	5,290	31	5,321
LIABILITIES							
Obligations under finance leases	(21)	(10)	–	–	(31)	–	(31)
Trade and other payables	(1,166)	(10)	(5)	–	(1,181)	–	(1,181)
Provisions	(195)	–	–	–	(195)	–	(195)
Other current liabilities	(278)	–	(2)	–	(280)	–	(280)
Obligations under finance leases (non-current)	(31)	(35)	(4)	–	(70)	–	(70)
Trade and other payables (non-current)	(13)	(20)	–	–	(33)	–	(33)
Provisions (non-current)	(64)	2	–	–	(62)	–	(62)
Retirement benefit obligations	(504)	–	–	–	(504)	(31)	(535)
Deferred tax liabilities (non-current)	(45)	2	–	(1)	(44)	–	(44)
Other non-current liabilities	(2,061)	–	–	–	(2,061)	–	(2,061)
Total liabilities	(4,378)	(71)	(11)	(1)	(4,461)	(31)	(4,492)
Net assets	884	(35)	(9)	(11)	829	–	829
EQUITY							
Share capital	388	–	–	–	388	–	388
Share premium and reserves	476	(35)	(9)	(11)	421	–	421
Equity attributable to equity holders of the parent	864	(35)	(9)	(11)	809	–	809
Non-controlling interests	20	–	–	–	20	–	20
Total equity	884	(35)	(9)	(11)	829	–	829

(x) Adoption of new and revised accounting standards and interpretations

The IASB issued a number of amendments to IFRSs that became applicable for the year ended 31 December 2015 which the group has adopted. None of these amendments had a material impact on the group's consolidated financial statements.

The group has not adopted early any standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations have been announced but are not yet effective for the year ended 31 December 2015. The directors are currently evaluating the impact of these new standards on the group accounts.

- IFRS 9 – Financial Instruments
- Amendments to IFRS 11 – Acquisitions of Interests in Joint Operations
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 1 – Disclosure initiative
- Amendments to IFRS 10 and IAS 28 – Investment entity amendments

The group continues to assess the potential impact of IFRS 15 – Revenue from Contracts with Customers, on its consolidated financial statements and will adopt the standard from its new effective date for the year ended 31 December 2018.

In addition, the group notes the publication of IFRS 16 – Leases, will be effective for the group's financial year ended 31 December 2019 and will assess in due course the potential impact of this new standard on the group accounts.

4. Accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of the group's accounting policies, which are described in note 3, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements, estimates and assumptions which are of most significance in preparing the group's 2015 accounts are detailed below:

Revenue recognition

The majority of the group's revenue is generated by the provision of manned security services or cash management services and, as described in note 3(o), is measured at the fair value of consideration received or receivable. The group also delivers certain long-term outsourcing services which can be complex in nature and may be governed by unique contractual arrangements. In these cases, revenue is recognised in line with the contract at the fair value of the consideration received or receivable. In such contracts, there can be significant judgements and estimates in relation to variations or claims not specified within the original contract, to interpretation of complex contract wording, and in relation to estimates required to determine future costs to complete and expected margins, including the impact of contractual performance conditions which may give rise to penalties.

Onerous contracts

When a long-term contract is expected to incur future unavoidable losses and has therefore become onerous, judgement is required to assess the future expected revenue and costs and hence to determine the appropriate level of provision. Further judgement is necessary in determining the extent to which account is taken of profit improvement plans developed by management to improve the profitability of the contract over the remainder of its life. Such plans are generally taken into account only once they have been developed and implementation has commenced, and there is tangible evidence of benefits being delivered.

In addition, where onerous contracts have a termination date that can be extended solely at the customer's request, consideration is given, based on all facts and circumstances known by management, as to whether to provide for future losses to the earliest or the final termination date.

For further details of how the group has applied judgements and estimates to significant onerous contract provisions refer to pages 164 and 165. The most significant judgement in 2015 related to the Compass contract as described in note 33.

Carrying value of goodwill

The group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis for such assets is based principally upon discounted estimated future cash flows from the use and eventual disposal of the assets. Such an analysis includes the estimation of future results, cash flows, annual growth rates and discount rates. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process. In certain circumstances, where market prices can be ascertained (for example through recent transactions), fair value less costs to sell is used as a basis for the recoverable amount. This involves judgements and estimates to apply reasonable valuation techniques and to estimate future selling costs. The full methodology and results of the group's impairment testing is presented in note 18.

Taxation

The group operates in many tax jurisdictions including countries where the tax legislation is not consistently applied and under some complex contractual circumstances where the responsibility for tax arising is not always clear. Management are required to apply judgements and estimates to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

Provisions for tax liabilities are estimated for existing matters under dispute with local tax authorities, as well as for matters which it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate based on external advice, and takes into account the anticipated position of the relevant tax authorities and other local factors. In certain cases, and where appropriate, a probability weighting is applied in determining the amount provided. In all cases it is assumed that the local tax authorities have, or will be provided with, full information. Therefore the tax liability is not reduced for "detection risk". Further details about the range of the potential tax exposure to which the group is subject to are set out in note 13.

The group has tax losses and other deductible temporary differences, mainly in the UK and USA, that have the potential to reduce tax payments in future years. Deferred tax assets are only recognised to the extent that their

recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. Management uses the same profit projections for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Management's judgement in this area is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

Review of the carrying value of assets and liabilities

In 2013 the group carried out a review of the carrying value of its assets and liabilities as at 31 December 2012, (over and above its contract review process), and comprised a review of the balance sheets of each of the subsidiaries in the group, in particular focusing on the recoverability of assets and the recognition of liabilities. The specific judgements on liabilities were based on assessing the most likely economic outflows, taking into account any changes in facts or circumstances since that date. This exercise required a level of judgement based on the group's then current understanding of circumstances surrounding each issue. The results of the review were presented within specific items given the one-off nature of the review performed and changes to the estimates then made in relation to these items have since been classified as specific items, including additional changes and reversal of provisions. As at 31 December 2015 these estimates have been further updated to reflect any changes in facts or circumstances during the year to 31 December 2015 with any additional charges or reversals also being presented within specific items (see note 8). The group has completed this review in 2015. All future related changes in estimates will flow through underlying results, unless individually material.

Compliance with foreign ownership rules and consolidation of subsidiaries

The group has a diverse set of complex ownership structures, which are sometimes driven by local laws and regulations relating to foreign ownership. In some instances the group operates through local structures with limited direct share ownership of the business but exercises control through shareholder agreements. In determining whether certain group entities qualify for consolidation under IFRS 10 'Consolidated Financial Statements', professional and legal advice is sought and a level of judgement is required. Consolidation of any of these entities would need to be re-assessed if the group's ability to enforce its rights of control were successfully challenged.

Valuation of retirement benefit obligations

The valuation of defined retirement benefit schemes is arrived at using the advice of qualified independent actuaries who use the projected unit credit method for determining the group's obligations. This methodology requires the use of a variety of assumptions and estimates, including the appropriate discount rate, the expected return on scheme assets, mortality assumptions, future service and earnings increases of employees and inflation. Full details of the group's retirement benefit obligations, including an analysis of the sensitivity of the calculations to the key assumptions are presented in note 32.

Classification of leases

The classification of leases as between operating and finance leases is based on the criteria set out in IAS 17 – Leases, which defines a series of attributes which, when contained within a lease, may result in its classification as a finance lease. Judgement is required in assessing leases at inception as to whether individual attributes, in aggregate or in isolation, are such that the substance of the lease is that of a finance lease. Re-measurement during 2015 of historical leases in Europe and Africa against the IAS 17 classification criteria resulted in prior year adjustments to re-classify certain alarm-related leases in Europe, and other leases in Africa, from operating to finance leases with effect from their inception (see note 3(w)). During the year the most material new leases were in North America and Europe and the related lease contracts were reviewed in detail against the classification criteria as set out in the group's accounting policies.

5. Revenue

An analysis of the group's revenue, as defined by IAS 18 – Revenue, is as follows:

	Notes	2015 £m	2014 Restated* £m
Continuing operations			
Sale of goods		132	188
Rendering of services		6,561	6,536
Revenue from construction contracts		170	165
Revenue from continuing operations as presented in the consolidated income statement	6	6,863	6,889
Discontinued operations			
Rendering of services		–	350
Revenue from discontinued operations	6, 7	–	350
Total revenue		6,863	7,239

* Restated to reflect the re-classification of certain discontinued operations to continuing operations – see note 3(w).

Notes to the consolidated financial statements *continued*

6. Operating segments

The group operates on a worldwide basis and derives a substantial proportion of its revenue and operating profit from each of the following six geographic regions: Africa, Asia Middle East, Latin America, Europe, North America and UK & Ireland. For each of these reportable segments, the group executive committee (the chief operating decision maker) reviews internal management reports on a regular basis.

Segment information is presented below:

By reportable segment	Continuing operations 2015 £m	Discontinued operations 2015 £m	Total 2015 £m	Continuing operations 2014 Restated ¹ £m	Discontinued operations 2014 Restated ¹ £m	Total 2014 Restated ¹ £m
Africa	470	–	470	484	–	484
Asia Middle East	1,421	–	1,421	1,330	–	1,330
Latin America	626	–	626	685	–	685
Europe	1,304	–	1,304	1,438	84	1,522
North America	1,523	–	1,523	1,365	266	1,631
UK & Ireland	1,519	–	1,519	1,587	–	1,587
Total revenue	6,863	–	6,863	6,889	350	7,239

Revenue from internal and external customers by reportable segment	Total gross segment revenue 2015 £m	Inter-segment revenue 2015 £m	External revenue 2015 £m	Total gross segment revenue 2014 Restated ¹ £m	Inter-segment revenue 2014 £m	External revenue 2014 Restated ¹ £m
Secure Solutions	5,820	(9)	5,811	6,131	(9)	6,122
Cash Solutions	1,054	(2)	1,052	1,119	(2)	1,117
Total revenue	6,874	(11)	6,863	7,250	(11)	7,239

Inter-segment sales are charged at prevailing market prices. Refer to note 7 for details on discontinued operations.

Operating profit before corporate costs, by reportable segment and geographical area	Continuing operations 2015 £m	Discontinued operations 2015 £m	Total 2015 £m	Continuing operations 2014 Restated ² £m	Discontinued operations 2014 Restated ² £m	Total 2014 Restated ² £m
Africa	30	–	30	30	–	30
Asia Middle East	117	–	117	94	–	94
Latin America	15	–	15	35	–	35
Europe	74	–	74	93	2	95
North America	90	–	90	75	1	76
UK & Ireland	115	–	115	130	–	130
PBITA before corporate costs	441	–	441	457	3	460
Corporate costs	(50)	–	(50)	(60)	–	(60)
PBITA	391	–	391	397	3	400
Net specific items	(70)	5	(65)	(57)	(1)	(58)
Restructuring costs	(44)	–	(44)	(29)	–	(29)
Profit/(loss) on disposal of subsidiaries	12	(3)	9	–	77	77
Goodwill impairment	(66)	(1)	(67)	–	–	–
Acquisition-related amortisation and expenses	(40)	–	(40)	(59)	(1)	(60)
Operating profit	183	1	184	252	78	330

Refer to note 7 for details on discontinued operations.

1. Restated to reflect the re-classification of certain discontinued operations to continuing operations – see note 3(w).
2. See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014.

Segment assets and liabilities

The following information is analysed by reportable segment and by the geographical area in which the assets are located:

	Total assets 2015 £m	Total assets 2014 Restated* £m	Total liabilities 2015 £m	Total liabilities 2014 Restated* £m
Total assets and liabilities				
By reportable segment and geographical area				
Africa	196	225	(87)	(93)
Asia Middle East	693	676	(244)	(248)
Latin America	280	352	(87)	(119)
Europe	696	737	(263)	(274)
North America	773	752	(161)	(165)
UK & Ireland	1,241	1,285	(341)	(343)
Inter-segment trading balances	(148)	(188)	148	188
Total segment assets and liabilities	3,731	3,839	(1,035)	(1,054)
Corporate	99	169	(141)	(152)
Total operating assets and liabilities	3,830	4,008	(1,176)	(1,206)
Non-operating assets and liabilities	888	901	(2,851)	(2,781)
Total assets and liabilities	4,718	4,909	(4,027)	(3,987)

	2015 £m	2014 Restated* £m
Non-current operating assets		
By reportable segment and geographical area		
Africa	100	126
Asia Middle East	362	359
Latin America	149	208
Europe	426	469
North America	481	464
UK & Ireland	920	964
Total segment assets	2,438	2,590
Corporate	55	68
Total non-current operating assets	2,493	2,658
Non-operating assets	281	307
Less: Non-current assets held for sale	(25)	(2)
Total non-current assets	2,749	2,963

Non-operating assets and liabilities comprise financial assets and liabilities, taxation assets and liabilities and retirement benefit obligations.

Included within operating and non-operating assets are £47m (2014: £6m) and £11m (2014: £nil) respectively relating to disposal groups classified as held for sale. Included within operating and non-operating liabilities are £19m (2014: £3m) and £11m (2014: £1m) respectively relating to liabilities associated with disposal groups classified as held for sale. Disposal groups are analysed in note 25.

Other information

	Impairment losses recognised in income 2015 £m	Depreciation and amortisation 2015 £m	Capital additions 2015 £m	Impairment losses recognised in income 2014 £m	Depreciation and amortisation 2014 Restated* £m	Capital additions 2014 Restated* £m
By reportable segment						
Africa	9	15	16	–	16	14
Asia Middle East	11	25	39	–	28	30
Latin America	13	18	9	–	18	12
Europe	33	42	54	–	49	38
North America	–	11	15	–	18	16
UK & Ireland	1	63	31	4	75	36
Corporate	–	3	2	–	3	2
Total	67	177	166	4	207	148

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014.

7. Discontinued operations

During the year the group has re-classified the group's business in Costa Rica, together with certain small businesses that had been classified as discontinued operations for more than 12 months and not yet been sold, into continuing operations. This re-classification resulted in total revenue increasing by £41m and total operating profit reducing by £7m for the year ended 31 December 2014.

Operations qualifying as discontinued in the prior year mainly comprised the US Government solutions business, sold in November 2014, the group's cash solutions business in Canada and its business in Norway, both sold in January 2014 and the group's business in Sweden, sold in September 2014.

The results of the discontinued operations are presented below:

	Note	2015 £m	2014 Restated* £m
Revenue		–	350
Operating result/profit before specific items and other separately disclosed items		–	3
Specific items – charges		(2)	(1)
Specific items – credits		7	–
Acquisition-related amortisation and expenses		–	(1)
Goodwill impairment		(1)	–
(Loss)/profit on disposal of discontinued operations		(3)	77
Profit before tax		1	78
Tax	17	(3)	2
(Loss)/profit from discontinued operations for the year		(2)	80

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014, including an additional £6m gain recognised on disposal of discontinued operations in North America.

During the year, the group collected £26m (US\$40m) of receivables relating to the US Government Solutions business, which was sold in November 2014. Of this amount £7m was not recognised in the group's consolidated statement of financial position as at 31 December 2014 due to uncertainty of collectability and therefore was recognised as income within specific items in 2015.

The effect of discontinued operations on segment results is disclosed in note 6.

Cash flows from discontinued operations included in the consolidated cash flow statement are as follows:

	2015 £m	2014 Restated* £m
Net cash flows from operating activities (after tax)	26	(2)
Net cash flows from investing activities	–	152
Net cash flows from financing activities	–	(17)
	26	133

* Restated to reflect the impact of certain re-classifications – see note 3(w).

8. Operating profit

The income statement can be analysed as follows:

	2015 £m	2014 Restated* £m
Continuing operations		
Revenue	6,863	6,889
Cost of sales	(5,657)	(5,589)
Gross profit	1,206	1,300
Administration expenses	(967)	(1,056)
Goodwill impairment	(66)	–
Share of post-tax profit from joint ventures	10	8
Operating profit	183	252

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014, including the impact of certain businesses re-classified from discontinued to continuing operations. These adjustments in total have increased 2014 cost of sales by £43m and reduced administration expenses by £16m.

Cost of sales includes specific items relating to a £65m (2014: £45m) charge related to onerous contracts (see page 164) and for the year ended 31 December 2014 also included a £5m charge relating to other items.

Administration expenses includes items that are separately disclosed relating to the following:

- A net £5m (2014: £7m) specific item charge comprised of a £17m (2014: £28m) charge relating to changes to the estimates made in the review of assets and liabilities, mainly in relation to the items identified in the balance sheet review performed in 2013 and none of which were individually material, offset by a £12m credit (2014: £21m), related to a pension curtailment of £5m (2014: settlement of £21m) and a pension legal settlement of £7m (2014: £nil).
- The group invested £44m in restructuring activities during the year (2014: £29m), mainly relating to the multi-year efficiency programme across the group. During 2014 and 2015 these programmes have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. During the second half of 2015 these programmes began to address organisational efficiency in Latin America, Africa, Asia and North America.
- A £66m (2014: £nil) charge for goodwill impairment, including £41m in relation to businesses expected to be sold or closed and £25m relating to a business in Estonia. Further details relating to the impairment of goodwill are included in note 18.
- A credit of £12m (2014: £nil) relating to profit on disposal of subsidiaries, mainly the group's International Parcel Service business in Asia Middle East.

Also included in administration expenses are amortisation costs of £40m (2014: £58m) and acquisition-related expenses of £nil (2014: £1m).

9. Profit from operations

Profit from continuing and discontinued operations has been arrived at after charging/(crediting):

		Continuing 2015	Discontinued 2015	Total 2015	Continuing 2014 Restated*	Discontinued 2014 Restated*	Total 2014 Restated*
	Notes	£m	£m	£m	£m	£m	£m
Cost of sales							
Cost of inventories recognised as an expense		103	–	103	99	–	99
Onerous contract provisions	33, 8	65	–	65	45	–	45
Other items	8	–	–	–	5	–	5
Administration expenses							
Acquisition-related amortisation and expenses	8	40	–	40	59	1	60
Restructuring costs	8	44	–	44	29	–	29
Goodwill impairment	18	66	1	67	–	–	–
Review of assets and liabilities	8	17	–	17	28	1	29
Amortisation of other intangible assets	18	25	–	25	25	–	25
Depreciation of property, plant and equipment	19	110	–	110	120	3	123
(Profit)/loss on disposal of subsidiaries	17	(12)	3	(9)	–	(77)	(77)
Impairment of trade receivables	23	10	–	10	17	–	17
Research and development expenditure		8	–	8	10	–	10
Operating lease rentals payable		99	–	99	88	–	88
Pension curtailment (2014: settlement) gain	8	(5)	–	(5)	(21)	–	(21)
Pension legal settlement	8	(7)	–	(7)	–	–	–
Share-based payments	39	8	–	8	5	–	5

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of the year ended 31 December 2014.

10. Auditor's remuneration

	2015 £m	2014 £m
Fees payable to the company's auditor for the audit of the parent company and consolidated financial statements	1	1
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries	5	5
All other services*	1	1

* Other services relates to the provision of tax and non-audit advisory services.

At the 2015 AGM KMPG stood down as the group's auditor and the shareholders confirmed the appointment of PricewaterhouseCoopers LLP as group auditor. Further information on this appointment can be found on page 73.

The Audit Committee Report outlines on page 73 the company's established policy for ensuring that audit independence is not compromised through the provision by the company's auditor of other services.

11. Staff costs and employees

The average monthly number of employees, in continuing and discontinued operations, including executive directors was:

By reportable segment and geographical area	2015 Number	2014 Number
Africa	124,707	124,024
Asia Middle East	243,486	243,909
Latin America	75,637	76,061
Europe	59,716	66,346
North America	56,393	59,232
UK & Ireland	35,843	41,221
Head office	196	196
Total average number of employees (excluding joint ventures)	595,978	610,989
Average number of employees employed by joint ventures	15,388	20,476
Total average number of employees (including joint ventures)	611,366	631,465

Their aggregate remuneration, in continuing and discontinued operations, comprised:

	2015 £m	2014 Restated* £m
Wages and salaries	4,128	4,243
Social security costs	443	492
Employee benefits	221	220
Total staff costs (excluding joint ventures)	4,792	4,955
Joint venture staff costs	58	111
Total staff costs (including joint ventures)	4,850	5,066

* See note 3(w) for an explanation and analysis of a prior year re-classification to social security costs in Latin America in respect of the year ended 31 December 2014.

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' remuneration report on pages 74 to 90.

12. Net finance expense

	2015 £m	2014 Restated* £m
Interest and other income on cash, cash equivalents and investments	13	12
Net interest receivable on loan note related derivatives	13	11
Gain arising from change in fair value of derivative financial instruments hedging loan notes	10	5
Loss arising from fair value adjustment to the hedged loan note items	(10)	(5)
Total finance income	26	23

	2015 £m	2014 Restated* £m
Interest on bank overdrafts and loans	(23)	(23)
Interest on loan notes	(88)	(92)
Interest on obligations under finance leases	(4)	(6)
Other interest charges	(4)	(4)
Total group borrowing costs	(119)	(125)
Finance costs on defined retirement benefit net obligations	(12)	(22)
Total finance expense	(131)	(147)
Net finance expense	(105)	(124)

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014, including the impact of businesses re-classified from discontinued to continuing operations and of the re-classification of certain leases from operating to finance leases.

Included within group borrowing costs is a charge of £5m (2014: £6m) relating to cash flow hedges that were transferred from equity during the year.

13. Tax

	Continuing operations 2015 £m	Discontinued operations 2015 £m	Total 2015 £m	Continuing operations 2014 Restated* £m	Discontinued operations 2014 Restated* £m	Total 2014 Restated* £m
Current tax expense/(credit)						
Current year	69	2	71	77	(1)	76
Adjustments in respect of prior years	(7)	3	(4)	13	(1)	12
Total current tax expense/(credit)	62	5	67	90	(2)	88
Deferred tax credit						
(see note 34)						
Current year	–	–	–	(16)	–	(16)
Adjustments in respect of prior years (note (vii))	(12)	(2)	(14)	(28)	–	(28)
Total deferred tax credit	(12)	(2)	(14)	(44)	–	(44)
Total income tax expense for the year	50	3	53	46	(2)	44

UK corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profits for the period.

Overseas tax is calculated at the corporation tax rates prevailing in the relevant jurisdictions.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2015 £m	2014 Restated* £m
Profit before tax		
Continuing operations	78	128
Discontinued operations	1	78
Total profit before tax	79	206
Tax at UK corporation tax rate of 20.25% (2014: 21.5%)	16	44
Expenses that are not deductible in determining taxable profit	2	9
Goodwill impairments not deductible	14	–
Deferred tax recognised on purchased intangibles (note(i))	–	(15)
Profits on disposal of businesses not taxable or covered by capital losses (note(ii))	(5)	(16)
Tax losses not recognised in the current year (note(iii))	30	32
Different tax rates of subsidiaries operating in non-UK jurisdictions (note(iv))	11	8
Movement in deferred tax balance due to phased reduction in UK rate to 18%	5	–
Adjustment for joint ventures	(2)	(2)
Adjustment for previous years – reassessment of deferred tax recoverability on losses (note(v))	(9)	(23)
Adjustment for previous years – other (note(vi))	(9)	7
Total income tax charge	53	44
Effective tax rate for continuing and discontinued operations	67%	21%

13. Tax *continued*

The effective tax rate for continuing operations was 64% (2014: 36%).

(i) Deferred tax recognised on purchased intangibles – £nil (2014: £(15)m)

The £15m deferred tax credit recognised in 2014 related to the release of tax liabilities recorded in prior years in respect of intangible assets recognised on certain acquisitions in Latin America. As a result of a group restructure in 2014 those intangible assets became tax-deductible, and the deferred tax liabilities were consequently released.

(ii) Profits on disposal of businesses not taxable or covered by capital losses – £(5)m (2014: £(16)m)

This relates to profits arising from the disposal of businesses where any taxable profit arising on the disposal is either exempt from tax under the relevant tax legislation or where capital losses are available to offset against those taxable profits, for which deferred tax assets were not previously recognised.

(iii) Tax losses not recognised in the current year – £30m (2014: £32m)

This relates to losses not recognised as deferred tax assets on the basis that there are insufficient taxable profits available to utilise those losses in the foreseeable future. A significant proportion of these losses arise in the UK in both 2015 and 2014.

(iv) Different tax rates of subsidiaries operating in non-UK jurisdictions – £11m (2014: 8m)

This relates to the effect of profits of the group being subject to tax at rates different from the current UK corporation tax rate of 20.25%. The principal reason for the increase in 2015 is a rise in profits in the US, which are taxed at a composite rate of 37%.

(v) Adjustment for previous years – reassessment of deferred taxes recoverability on losses – £(9)m (2014: £(23)m)

Deferred tax assets are recognised on losses to the extent that these can be supported by profits forecast to be made in the foreseeable future, generally not exceeding five years. These forecasts are updated and reviewed each year and, to the extent that these indicate an increase or decrease in the level of recoverable historical tax losses, deferred tax assets are amended accordingly.

(vi) Adjustment for previous years – other – £(9m) (2014: £7m)

This relates to a reassessment of the tax deductibility of expense items and provisions for unresolved tax issues as a result of case law developments and settlements with tax authorities.

(vii) Deferred tax credit – Adjustments in respect of prior years – £(14)m (2014: £(28)m)

This largely comprises the recognition of additional deferred tax assets in respect of prior years' losses (see (v) above). The remainder relates to reassessments of accounting estimates relating to the timing of certain tax deductions in a number of countries.

At 31 December 2015, the group had total unprovided tax liabilities of approximately £50m (2014: £53m) relating to unresolved tax issues in various jurisdictions and provided amounts totalling £16m (2014: £22m). During 2015, the group paid £19m (2014: £nil) in respect of a disputed liability in order to reduce exposure to interest and penalties.

The following taxation charge/(credit) has been recognised directly in equity within the statement of comprehensive income:

	2015 £m	2014 £m
Tax relating to components of other comprehensive income		
Change in fair value of cash flow and net investment hedging financial instruments	(1)	(6)
Actuarial gain on defined retirement benefit schemes	11	36
Total tax charged to other comprehensive income	10	30

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014.

14. Dividends

	Pence per share	DKK per share	2015 £m	2014 £m
Amounts recognised as distributions to equity holders of the parent in the year				
Final dividend for the year ended 31 December 2013	5.54	0.4954	–	85
Interim dividend for the six months ended 30 June 2014	3.42	0.3198	–	53
Final dividend for the year ended 31 December 2014	5.82	0.6041	90	–
Interim dividend for the six months ended 30 June 2015	3.59	0.3793	55	–
			145	138
Proposed final dividend for the year ended 31 December 2015				
	5.82	0.5615	90	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. If so approved, it will be paid on 10 June 2016 to shareholders who are on the UK register on 29 April 2016. The exchange rate used to translate it into Danish krone is that at 8 March 2016.

15. Earnings per share attributable to equity shareholders of the parent

	2015 £m	2014 Restated* £m
From continuing and discontinued operations		
Profit for the year attributable to equity shareholders of the parent	8	145
Weighted average number of ordinary shares (m)	1,545	1,545
Earnings per share from continuing and discontinued operations (pence)		
Basic and diluted	0.5p	9.4p
From continuing operations		
Earnings		
Profit for the year attributable to equity shareholders of the parent	8	145
Adjustment to exclude loss/(profit) for the year from discontinued operations (net of tax)	2	(80)
Profit from continuing operations	10	65
Earnings per share from continuing operations (pence)		
Basic and diluted	0.6p	4.2p
From discontinued operations		
(Loss)/earnings per share from discontinued operations (pence)		
Basic and diluted	(0.1)p	5.2p

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014.

16. Acquisitions

The group has incurred £17m (2014: £3m) in the year on acquisitions mainly relating to individually immaterial businesses acquired in the Netherlands, Greece and Colombia and also includes the payment of £9m relating to deferred consideration on acquisitions in Latin America made in prior years. In addition, during the year shareholder agreements were re-negotiated for certain joint ventures in the Asia Middle East region resulting in the group obtaining control of these operations. The group accounted for these as acquisitions, consolidating the balance sheets from the date control was obtained.

Notes to the consolidated financial statements *continued*

17. Disposal of subsidiaries

During the current year the group disposed of several small operations, with the most material being the disposal of the International Parcel Service business in Asia Middle East resulting in a profit of £12m.

In the prior year the group disposed of its US Government Solutions business, its cash business in Canada, its business in Norway, its locks business in Finland and its business in Sweden.

The net assets and profit on disposal of operations disposed of were as follows:

	2015	2014
	£m	Restated* £m
Goodwill	–	54
Acquisition-related intangible assets	–	1
Property, plant and equipment and intangible assets other than acquisition-related	2	27
Other non-current assets	–	77
Current assets	6	88
Liabilities	(6)	(148)
Net assets of operations disposed	2	99
Less: recycling of cumulative translation and hedging reserves	–	(3)
Net impact on consolidated statement of financial position due to disposals	2	96
Profit on disposal	9	77
Total consideration	11	173
Satisfied by:		
Cash received	14	161
Disposal costs	–	(4)
Used to repay debt	–	16
Total consideration relating to current year disposals	14	173
Additional consideration (to be paid)/received relating to disposals completed in prior years	(3)	2
Total consideration recognised in the current year	11	175

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014, including an additional £6m gain recognised on disposal of discontinued operations in North America.

Included in proceeds in 2014 was £16m that was paid by the purchaser directly to the group's counterparties to repay existing debt at the time of disposal.

18. Intangible assets

2015	Acquisition-related intangible assets					Total £m
	Goodwill £m	Trademarks £m	Customer related £m	Technology £m	Other intangibles £m	
Cost						
At 1 January 2015 – restated*	2,011	32	654	9	220	2,926
Acquisition of businesses	14	–	7	–	–	21
Additions	–	–	2	–	24	26
Disposals	–	–	(2)	–	(3)	(5)
Re-classifications	(2)	1	(2)	–	1	(2)
Transferred to held for sale	(14)	–	(2)	–	(3)	(19)
Translation adjustments	(47)	–	(14)	–	(4)	(65)
At 31 December 2015	1,962	33	643	9	235	2,882
Amortisation and accumulated impairment losses						
At 1 January 2015 – restated*	(87)	(31)	(573)	(7)	(138)	(836)
Amortisation charge	–	–	(41)	(1)	(25)	(67)
Impairment	(67)	–	–	–	–	(67)
Disposals	–	–	2	–	3	5
Re-classifications	–	–	1	–	1	2
Transferred to held for sale	6	–	2	–	2	10
Translation adjustments	14	–	10	–	4	28
At 31 December 2015	(134)	(31)	(599)	(8)	(153)	(925)
Carrying amount						
At 1 January 2015 – restated*	1,924	1	81	2	82	2,090
At 31 December 2015	1,828	2	44	1	82	1,957
2014						
Cost						
At 1 January 2014 – restated*	2,037	32	657	9	200	2,935
Acquisition of businesses	–	–	2	–	–	2
Additions	–	–	–	–	34	34
Disposals	(13)	–	(1)	–	(11)	(25)
Translation adjustments	(13)	–	(4)	–	(3)	(20)
At 31 December 2014 – restated*	2,011	32	654	9	220	2,926
Amortisation and accumulated impairment losses						
At 1 January 2014 – restated*	(97)	(31)	(520)	(6)	(123)	(777)
Amortisation charge	–	–	(58)	(1)	(25)	(84)
Disposals	3	–	3	–	8	14
Translation adjustments	7	–	2	–	2	11
At 31 December 2014 – restated*	(87)	(31)	(573)	(7)	(138)	(836)
Carrying amount						
At 1 January 2014 – restated*	1,940	1	137	3	77	2,158
At 31 December 2014 – restated*	1,924	1	81	2	82	2,090

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014, including a reduction of £15m in the carrying value of goodwill in North America at 1 January and 31 December 2014.

18. Intangible assets *continued*

Goodwill allocation

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) which are expected to benefit from that business combination. A significant portion of the group's goodwill was generated by the merger of the security services businesses of Group 4 Falck and Securicor in 2004, which was accounted for as an acquisition of Securicor by Group 4 Falck.

Goodwill impairment testing

The group tests tangible and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that any of these assets may be impaired. The annual impairment test is performed prior to the year end when the budgeting process is finalised and is reviewed post year end. The group's impairment test compares the carrying value of each CGU with its recoverable amount. CGUs for goodwill impairment testing purposes are identified at a country level including significant business units, as per the group's detailed management accounts. Under IAS 36 'Impairment of Assets', an impairment is deemed to have occurred where the recoverable amount of a CGU is less than its carrying value.

The recoverable amount of a CGU is generally determined by its value in use which is derived from discounted cash flow calculations. The key inputs to the calculations are described below. In certain circumstances where market prices can be ascertained (for example through recent transactions or by reference to normal industry standard multiples), the fair value less costs to sell is used as a basis for the recoverable amount. In the current year the value of goodwill in the Brazil secure solutions and Greece CGUs was supported by this valuation method.

Forecast cash flows

All operating countries in the group are required to submit a budget for the next financial year (for the year ending 31 December 2016) and their strategic plan forecasts for the following two years (for the years ending 31 December 2017 and 31 December 2018).

The revenue figures submitted in this exercise are used to derive a growth rate for the discounted cash flow calculation (see the growth rate table below). During the year, to align with best practice, the group has revised the period over which forecast projections are applied in the impairment model to revert to a period of five years from 15 years used previously. In addition to this, the model now uses long-term externally-sourced country specific inflation rates to determine growth rates instead of applying 1% or 3% growth rates for developed or emerging markets respectively as used previously.

Forecast cash flows are projected from year 4 onwards by applying growth rates as detailed in the growth rate section below, and discounted using country specific risk-adjusted discount rates as described in the discount rate section.

Growth rate

Growth rates are determined from the budgeted and forecast revenue for years 1-3 with year 4 being calculated to achieve a smooth reduction from the year 3 growth rate to the year 5 rate, which is the lower of the year 3 plan rate and the IMF long-term country-specific inflation rate. The terminal value calculation also uses the long-term inflation rates as used in year 5. This is detailed in the table below:

Growth assumptions	Year 1	Year 2	Year 3	Year 4	Year 5	Terminal value
Input	Budget*	Strategic plan forecast*	Strategic plan forecast*	Projected – to achieve midpoint between years 3 and 5	Projected lower of year 3 forecast or country inflation	Country-specific long-term inflation rate
Example	8%	7%	6%	4%	2%	2%

* Budgets and forecasts are reviewed by the group board

In the above example, budgeted year 1 growth rate is 8%, forecast growth in year 2 is 7% and in year 3 is 6%. The long-term country inflation rate is 2% so the growth rate is reduced in year 4 to be the midpoint between 6% in year 3 and 2% in year 5, i.e. 4%. The terminal value calculation is then based on the long-term interest rate of 2%.

Discount rate

Discount rates are calculated for each CGU based on the relevant local risk-free rate adjusted for that CGU's specific risk-adjusted equity risk premium. Details of how the key discount rate inputs are derived are given below:

Input	How determined	31 Dec 2015	31 Dec 2014
Risk-free rate	Where possible, the risk-free rate is obtained from the local government's 20 year gilt/bond rates. Where these are unavailable the group uses the closest available information (e.g. 10 year, or shorter term gilt rates).	2.52% in UK	2.35% in UK
UK equity risk premium	The equity risk premium is determined for the UK by analysing a variety of sources including economic studies carried out by Barclays Capital and others.	6.4 % in UK	5.0% in UK
Operating country equity risk premium	Specific local equity risk premiums are based on the UK risk premium adjusted for specific economic and financial risks. The sources for these adjustments are the Institutional Investor Magazine and the IMF website as well as other studies by independent economists.		
Leveraged beta	Beta is a risk adjustment applied to the discount rate to reflect the risk of the group's operating companies relative to the market as a whole. The group's beta is obtained from independent market studies and is adjusted for the appropriate leverage of the group.	0.8 for the group	0.8 for the group
Tax rate	Local tax rates are applied to each CGU to calculate pre-tax cost of equity.	20% in UK	21% in UK
Debt margin	The group applies a margin to the cost of debt for each CGU, with a higher margin applied to those CGUs operating in higher risk environments. These margins range from 1.5% in less risky CGUs (e.g. in the UK) to 6.5% in more risky CGUs (e.g. in Guinea and Sierra Leone).	1.5% in UK	1.5% in UK
Weighted average cost of capital (pre-tax)	The weighted average cost of capital is calculated by weighting the cost of equity and the cost of debt by the applicable debt: equity ratio at the year end.	8.6% in UK	8.7% in UK

The table below sets out the pre-tax discount rates and growth rates used for the countries that represent significant goodwill balances:

	Discount rate 2015	Discount rate 2014	Long-term growth rate ¹ 2015	Long-term growth rate ¹ 2014	Goodwill 2015	Goodwill 2014 Restated ²
					£m	£m
Brazil	19.0%	20.5%	4.6%	7.6%	59	92
United States of America	10.0%	8.5%	2.4%	4.6%	412	393
Hong Kong	7.7%	7.9%	3.5%	7.3%	43	41
Malaysia	12.2%	10.4%	3.0%	7.9%	34	39
Estonia	10.7%	7.7%	2.2%	5.9%	31	59
Israel	9.7%	8.5%	2.0%	5.2%	36	34
Netherlands	7.8%	7.2%	1.9%	2.2%	133	140
United Kingdom	8.6%	8.7%	2.0%	4.0%	697	710
Other (all allocated)					383	416
Total goodwill					1,828	1,924

1. Lower of long-term country inflation rate per the IMF and implied year 3 business forecast growth rate.

2. See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of 2014, including a reduction of £15m in the carrying value of goodwill in North America at 1 January and 31 December 2014.

Within the UK, the most significant CGUs and their goodwill carrying values are UK Care and Justice (£247m), UK Cash Solutions (£205m) and UK Secure Solutions (£107m). Within the USA, the most significant CGU is US Commercial Security Solutions with goodwill of £347m.

18. Intangible assets *continued***Impairment**

During the year ended 31 December 2015 impairment charges totalling £66m were recorded in respect of the group's goodwill, in the following CGUs within continuing operations:

	Goodwill pre-impairment £m	Impairment £m	Goodwill post-impairment £m
Brazil Technology	11	(11)	–
Estonia	56	(25)	31
Serbia	8	(8)	–
Papua New Guinea	5	(5)	–
Chile	2	(2)	–
China	4	(4)	–
South Africa Cash Solutions	22	(9)	13
Other impaired	2	(2)	–
Total	110	(66)	44

Other than for Estonia, these businesses have all been identified during the year for sale or closure and their carrying value has therefore been compared to their recoverable amount, being expected net proceeds from disposal. Where the carrying value is more than the expected proceeds, any goodwill has been written down to the recoverable amount.

In the case of Estonia, forecasts have been considered within the challenging local economic and market environment and performance to date compared to expectations. This has resulted in a goodwill impairment charge of £25m being incurred to reduce goodwill to its estimated recoverable amount.

Sensitivity to key assumptions

The key assumptions used in the discounted cash flow calculations relate to the discount rates and growth rates used. The table below shows the additional impairment that would arise from an increase in discount rates by 1% and 3% (with all other variables being equal, for example, taking the UK base rate from 8.6% to 9.6% and 11.6%) or a decrease in growth rates by 1% and 3% (to a minimum of 0%, with all other variables being equal, for example, taking the UK growth rate from 2.0% to 1.0% and 0.0%) for the group in total and for each of its significant countries.

	Goodwill 2015 £m	Base discount rate 2015	Additional impairment		Base growth rate ¹ 2015	Additional impairment	
			1% increase 2015 £m	3% increase 2015 £m		1% decrease 2015 £m	3% decrease 2015 £m
Brazil	59	19.0%	(1)	(2)	4.6%	(1)	(2)
United States of America	412	10.0%	–	–	2.4%	–	–
Hong Kong	43	7.7%	–	–	3.5%	–	–
Malaysia	34	12.2%	–	–	3.0%	–	–
Estonia	31	10.7%	(4)	(9)	2.2%	(3)	(6)
Israel	36	9.7%	–	–	2.0%	–	–
Netherlands	133	7.8%	–	–	1.9%	–	–
United Kingdom	697	8.6%	(1)	(3)	2.0%	(4)	(33)
Other ² (all allocated)	383		(2)	(8)		(2)	(6)
Total	1,828		(8)	(22)		(10)	(47)

1. Lower of country growth rate per the IMF and implied year 3 business forecast growth rate.

2. Including South Africa Cash Solutions.

19. Property, plant and equipment

	Land and buildings £m	Equipment and vehicles £m	Total £m
2015			
Cost			
At 1 January 2015 – restated*	248	887	1,135
Acquisition of businesses	–	2	2
Additions	9	114	123
Disposals	(14)	(91)	(105)
Re-classification	2	(8)	(6)
Re-classified as held for sale	(6)	(45)	(51)
Translation adjustments	(7)	(43)	(50)
At 31 December 2015	232	816	1,048
Depreciation and accumulated impairment losses			
At 1 January 2015 – restated*	(86)	(581)	(667)
Depreciation charge	(13)	(97)	(110)
Disposals	8	83	91
Re-classification	(4)	4	–
Re-classified as held for sale	4	32	36
Translation adjustments	2	27	29
At 31 December 2015	(89)	(532)	(621)
Carrying amount			
At 1 January 2015 – restated*	162	306	468
At 31 December 2015	143	284	427
2014			
Cost			
At 1 January 2015 – restated*	241	972	1,213
Additions	12	100	112
Disposals	–	(143)	(143)
Re-classified as held for sale	–	(5)	(5)
Translation adjustments	(5)	(37)	(42)
At 31 December 2014 – restated	248	887	1,135
Depreciation and accumulated impairment losses			
At 1 January 2014 – restated*	(79)	(617)	(696)
Depreciation charge	(15)	(108)	(123)
Disposals	6	112	118
Re-classified as held for sale	–	3	3
Translation adjustments	2	29	31
At 31 December 2014 – restated*	(86)	(581)	(667)
Carrying amount			
At 1 January 2014 – restated*	162	355	517
At 31 December 2014 – restated*	162	306	468

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of 1 January and 31 December 2014, including the impact of the re-classification of certain operating leases to finance leases in Europe and Africa.

The net book value of equipment and vehicles held under finance leases was £53m (2014 restated: £64m). Accumulated depreciation on these assets was £128m (2014 restated: £130m) and the depreciation charge for the year was £20m (2014 restated: £28m).

The rights over assets held on finance leases are effectively security for lease liabilities. These rights revert to the lessor in the event of default.

The net book value of equipment and vehicles includes £18m (2014: £18m) of assets leased by the group to third parties under operating leases. Accumulated depreciation on these assets was £27m (2014: £29m) and the depreciation charge for the year was £5m (2014: £5m).

The net book value of land and buildings comprises freeholds of £63m (2014: £85m), long leaseholds of £19m (2014: £19m) and short leaseholds of £61m (2014: £58m).

Notes to the consolidated financial statements *continued*

20. Investment in joint ventures

The following is summarised aggregate financial information for the group's interest in joint ventures that are not material to the group, based on the amounts reported in the group's consolidated financial statements:

	2015 £m	2014 £m
Carrying amount of interests in joint ventures	18	41
Group's share of:		
Profit from continuing operations	10	8
Total comprehensive income	10	8

During the year the group re-negotiated shareholder agreements in certain joint ventures in Asia Middle East resulting in the group obtaining control of these entities. From the date the change in agreement was approved these entities have been accounted for as subsidiaries under the group's control in accordance with IFRS 10 – Consolidated Financial Statements (see note 16).

21. Inventories

	2015 £m	2014 £m
Raw materials	9	12
Work in progress	11	11
Finished goods including consumables	83	85
Total inventories	103	108

22. Investments

Investments comprise primarily listed securities of £41m (2014: £36m*) held by the group's wholly-owned captive insurance subsidiaries. These are stated at their fair values based on quoted market prices consistent with level 1 of the valuation hierarchy. Use of these investments is restricted to the settlement of claims against the group's captive insurance subsidiaries.

* As re-presented for the re-classification of certain investment balances in North America to within cash to more accurately reflect their nature (see note 3(w)).

23. Trade and other receivables

	Notes	2015 £m	2014* Restated £m
Within current assets			
Accrued income		164	186
Trade debtors		970	943
Allowance for doubtful debts		(53)	(50)
Other debtors		89	137
Current tax receivable		46	34
Prepayments		82	72
Amounts due from construction contract customers	24	7	11
Derivative financial instruments at fair value	30	11	33
Total trade and other receivables included within current assets		1,316	1,366
Within non-current assets			
Derivative financial instruments at fair value	30	50	57
Other debtors		34	40
Total trade and other receivables included within non-current assets		84	97

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of Africa in 2014.

Credit risk on trade receivables

There is limited concentration of credit risk with respect to trade receivables, as the group's customers are both large in number and dispersed geographically in around 100 countries. The group's largest customer is the UK Government which comprises approximately 10% (2014:10%) of the total trade debtor balance as at 31 December 2015. Group companies are required to follow Group Finance Manual guidelines with respect to assessing the credit worthiness of potential customers. These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and assessments and obtaining additional security where required.

Credit terms vary across the group and can range from 0 to 90 days to reflect the different risks within each country in which the group operates. There is no group-wide rate of provision, and provision is made for debts according to local conditions and past default experience.

The movement in the allowance for doubtful debts is as follows:

	2015 £m	2014 £m
At 1 January	(50)	(37)
Amounts written off during the year	7	4
Increase in allowance	(10)	(17)
At 31 December	(53)	(50)

The ageing of trade debtors, net of allowance for doubtful debt, is as follows:

	2015 £m	2014 £m
Accrued income	164	186
Not yet due	675	678
1-30 days overdue	146	124
31-60 days overdue	40	42
61-90 days overdue	21	19
91-180 days overdue	24	24
181-365 days overdue	11	6
Net trade debtors and accrued income	1,081	1,079

No additional provision has been made on the above amounts as there has not been a significant change in credit quality and the group believes that the amounts are still recoverable. The group does not hold any collateral over these balances. The proportion of trade debtors at 31 December 2015 that were overdue for payment was 22% (2014: 20%). The group's DSO measure (days sales outstanding) for continuing operations based on revenue from the last 90 days of the year is 50 days (2014: 47 days).

The directors believe that the fair value of trade and other receivables, being the present value of future cash flows, approximates to their book value.

24. Construction contracts

	Notes	2015 £m	2014 £m
Amounts due from contract customers included in trade and other receivables	23	7	11
Amounts due to contract customers included in trade and other payables	29	(1)	(2)
Net balances relating to construction contracts		6	9
Contract costs incurred plus recognised profits less recognised losses to date		135	127
Less: progress billings		(129)	(118)
Net balances relating to construction contracts		6	9

At 31 December 2015, advances received from customers for contract work amounted to £4m (2014: £4m). There were no material retentions held by customers for contract work at either balance sheet date. All trade and other receivables arising from construction contracts are due for settlement within one year.

25. Disposal groups classified as held for sale

As at 31 December 2015 disposal groups classified as held for sale include the assets and liabilities associated with certain operations in Asia Middle East, Europe and Latin America. At 31 December 2014, disposal groups classified as held for sale included the assets and liabilities associated with the group's business in Costa Rica, which, having been classified as held for sale for more than 12 months and not yet sold, has been re-classified at 31 December 2015 into continuing operations.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2015 £m	2014 £m
Assets		
Goodwill	8	–
Property, plant and equipment and intangible assets other than acquisition-related	17	2
Inventories	3	–
Trade and other receivables (current)	21	4
Cash and cash equivalents	9	–
Total assets classified as held for sale	58	6
Liabilities		
Bank overdrafts	(4)	–
Bank loans	(1)	(1)
Trade and other payables	(17)	(3)
Retirement benefit obligations	(2)	–
Obligations under finance leases	(5)	–
Provisions	(1)	–
Total liabilities associated with assets classified as held for sale	(30)	(4)
Net assets of disposal groups	28	2

26. Cash, cash equivalents and bank overdrafts

An analysis of cash and cash equivalents reported within the consolidated cash flow statement between amounts reported within the consolidated statement of financial position is presented below:

	2015 £m	2014 Restated* £m
Cash and cash equivalents	443	422
Bank overdrafts	(41)	(20)
Cash, cash equivalents and bank overdrafts included within disposal groups classified as held for sale	5	–
Total cash, cash equivalents and bank overdrafts	407	402

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014, including the re-classification of certain investments in North America to within cash, to more accurately reflect their nature, and the impact of prior year errors in Africa.

Cash and cash equivalents comprise principally short-term money market deposits, current account balances and group-owned cash held in ATM machines and at 31 December 2015 earned interest at a weighted average rate of 0.8% (2014: 0.8%). The credit risk on cash and cash equivalents is limited because wherever possible and in accordance with Group Treasury policy the cash is placed with bank counterparties that hold investment grade credit ratings assigned by international credit-rating agencies.

The group operates a multi-currency notional pooling cash management system which included over 140 group companies at 31 December 2015. The group met the conditions of IAS 32 'Financial Instruments: Presentation' allowing balances within this cash pool to be offset for reporting purposes. At 31 December 2015 £55m (2014: £300m) of the cash balances and the equivalent amount of the overdraft balances were offset.

Cash and cash equivalents of £69m (2014: £64m) are held by the group's wholly-owned captive insurance subsidiaries. Their use is restricted to the settlement of claims against the group's captive insurance subsidiaries.

27. Bank overdrafts, bank loans and loan notes

	2015 £m	2014 Restated ¹ £m
Bank overdrafts	41	20
Bank loans	399	165
Loan notes ²	1,774	1,899
Total bank overdrafts, bank loans and loan notes	2,214	2,084
The borrowings are repayable as follows:		
On demand or within one year	141	176
In the second year	588	129
In the third to fifth years inclusive	1,078	1,648
After five years	407	131
Total bank overdrafts, bank loans and loan notes	2,214	2,084
Less: Amount due for settlement within 12 months (shown under current liabilities):		
Bank overdrafts	(41)	(20)
Bank loans	(75)	(60)
Loan notes	(25)	(96)
	(141)	(176)
Amount due for settlement after 12 months	2,073	1,908

1. See note 3(w) for an explanation and analysis of certain prior year adjustments relating to bank overdrafts included above in respect of Africa in 2014.

2. Loan notes includes £611m (2014: £687m) of private loan notes and £1,163m (2014: £1,212m) of public loan notes.

Analysis of bank overdrafts, bank loans and loan notes by currency:

	Sterling £m	Euros £m	US dollars £m	Others £m	Total £m
Bank overdrafts	(11)	5	16	31	41
Bank loans	215	–	170	14	399
Loan notes	421	812	541	–	1,774
At 31 December 2015	625	817	727	45	2,214
Bank overdrafts – restated	1	3	14	2	20
Bank loans	48	–	108	9	165
Loan notes	419	858	622	–	1,899
At 31 December 2014 – restated	468	861	744	11	2,084

Of the borrowings in currencies other than sterling, £991m (2014: £926m) is designated as a net investment hedge.

The weighted average interest rates on bank overdrafts, bank loans and loan notes at 31 December 2015 adjusted for hedging were as follows:

	2015 %	2014 %
Bank overdrafts	1.8	0.9
Bank loans	1.8	2.3
Private loan notes	3.9	4.3
Public loan notes	4.1	4.1

At 31 December 2015, the group's committed bank borrowings comprised a £1bn multi-currency revolving credit facility with a maturity date of January 2021. The group, with the lenders' permission, has an option to further extend maturity by one year to January 2022. At 31 December 2015, undrawn committed available facilities amounted to £683m (2014: £998m). Interest on all committed bank borrowing facilities is at prevailing Libor or Euribor rates, dependent upon the period of drawdown, plus an agreed margin, and re-priced within one year or less.

Borrowing at floating rates exposes the group to cash flow interest rate risk. The management of this risk is discussed in note 31.

Notes to the consolidated financial statements *continued*

27. Bank overdrafts, bank loans and loan notes *continued*

The group's main sources of finance and their applicable rates as of 31 December 2015 are set out below:

Debt instrument/ Year of issue	Nominal amount ¹	Issued interest rate	Post hedging average interest rate	Year of redemption and amounts (£m) ²								Total	
				2016	2017	2018	2019	2020	2021	2022			
US PP 2008	£69m	7.55% – 7.56%	7.02%	25	44								69
US PP 2007	US\$450m	5.86% – 6.06%	1.15%		136		98				71		305
Public Bond May 2012	€600m	2.875%	3.17%	469									469
US PP 2008	US\$298.5m	6.78% – 6.88%	6.94%			143		51					194
Public Bond Dec 2012	€500m	2.625%	2.70%			394							394
Public Bond 2009	£350m	7.75%	6.99%				350						350
Revolving Credit Facility 2015	£1bn (multi curr)	Libor + 1%	1.78%							317			317
				25	605	581	448	51	317	71			2,098

1. Nominal debt amount, for fair value carrying amount (see note 31).

2. Exchange rates at 31 December 2015 or hedged exchange rates where applicable.

The group's average cost of gross borrowings in 2015, net of interest hedging, was 4.0% (2014: £4.1%).

During 2015 a £1bn multi-currency revolving credit facility provided by a consortium of lending banks at a drawn margin of 1.0% over LIBOR was put in place. The facility matures in January 2021, with the option of a one year extension which if exercised gives the group facilities through to January 2022. As at 31 December 2015 the drawings were US\$245m and £155m.

The committed bank facilities and the private loan notes are subject to one financial covenant (net debt to EBITDA ratio where EBITDA is calculated as group PBITA plus depreciation and amortisation of non-acquisition related intangible assets) and non-compliance with the covenant may lead to an acceleration of maturity. The group complied with the financial covenant throughout the year ended 31 December 2015 and the year ended 31 December 2014. The group has not defaulted on, or breached the terms of, any material loans during the year.

Bank overdrafts, bank loans, the loan notes issued in July 2008 (with the exception of £44m), €510m of the loan notes issued in May 2012 and €380m of the loan notes issued in December 2012 are stated at amortised cost. The loan notes issued in March 2007, £44m of the loan notes issued in July 2008, the loan notes issued in May 2009, €90m of the loan notes issued in May 2012 and €120m of the loan notes issued in December 2012 are stated at amortised cost recalculated at an effective interest rate current at the balance sheet date as they are part of a fair value hedge relationship.

US\$50m (£34m) (2014: US\$200m (£128m)) of the loan notes issued in July 2008 have a fair value market gain of £9m (2014: gain £28m) resulting from the cross currency swaps fixing the sterling value of this portion of the loan notes at an exchange rate of 1.975.

€325m (£240m) of the loan notes issued in May 2012 have a fair value market loss of £26m (2014: loss £14m) predominately resulting from the cross currency swaps fixing the sterling value of this portion of the loan notes at an exchange rate of 1.222 and partly resulting from the cross currency swaps fixing the sterling and euro interest rates.

€350m (£258m) of the loan notes issued in December 2012 have a fair value market loss of £19m (2014: loss £5m) predominately resulting from the cross currency swaps fixing the sterling value of this portion of the loan notes at an exchange rate of 1.233 and partly resulting from the cross currency swaps fixing the sterling and euro interest rates.

28. Obligations under finance leases

	Minimum lease payments 2015	Minimum lease payments 2014 Restated*	Present value of minimum lease payments 2015	Present value of minimum lease payments 2014 Restated*
	£m	£m	£m	£m
Amounts payable under finance leases:				
Within one year	23	28	20	25
In the second to fifth years inclusive	45	52	43	48
After five years	1	5	1	4
	69	85	64	77
Less: future finance charges on finance leases	(5)	(8)		
Present value of lease obligations	64	77		
Less: amount due for settlement within 12 months (shown under current liabilities)			(19)	(25)
Amount due for settlement after 12 months			45	52

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of 2014, including the re-classification of certain operating leases to finance leases in Europe and Africa.

It is the group's policy to lease certain items of property, plant and equipment under finance leases. The weighted average lease term is seven years (2014: seven years). For the year ended 31 December 2015, the weighted average effective borrowing rate was 6.3% (2014: 6.3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group's obligations under finance leases are secured by the lessors' charges over the leased assets.

29. Trade and other payables

	Notes	2015 £m	2014 Restated* £m
Within current liabilities:			
Trade creditors		164	185
Amounts due to construction contract customers	24	1	2
Other taxation and social security costs		172	186
Holiday pay and other wage-related accruals		321	323
Other creditors		73	103
Other accruals		216	226
Deferred income		66	75
Derivative financial instruments at fair value	30	23	25
Total trade and other payables included within current liabilities		1,036	1,125
Within non-current liabilities:			
Derivative financial instruments at fair value	30	38	12
Other creditors		3	23
Total trade and other payables included within non-current liabilities		41	35

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of Europe and Africa in 2014.

Trade and other payables comprise principally amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases for continuing operations is 31 days (2014: 37 days).

30. Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date are presented below:

	Assets 2015 £m	Assets 2014 £m	Liabilities 2015 £m	Liabilities 2014 £m
Forward foreign exchange contracts	–	1	–	–
Cross currency swaps designated as cash flow hedges	9	28	45	19
Interest rate swaps designated as cash flow hedges	–	–	1	1
Interest rate swaps designated as fair value hedges	52	61	12	12
Commodity swaps	–	–	3	5
	61	90	61	37
Less: non-current portion	(50)	(57)	(38)	(12)
Current portion	11	33	23	25

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). The source of the market prices is Bloomberg and in addition the third party relationship counterparty banks. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument which are discounted back to the balance sheet date. This value is compared to the original transaction value giving a fair value of the instrument at the balance sheet date.

The mark to market valuation of the derivatives has fallen by £53m during the year, partly due to derivatives maturing during the year.

The interest rate, cross currency, foreign exchange and commodity swaps treated as cash flow hedges have the following maturities:

	Assets 2015 £m	Assets 2014 £m	Liabilities 2015 £m	Liabilities 2014 £m
Within one year	–	21	4	4
In the second year	–	–	26	2
In the third year	9	–	19	14
In the fourth year	–	7	–	5
Total carrying value	9	28	49	25

The projected settlement of cash flows (including accrued interest) associated with derivatives treated as cash flow hedges are as follows:

	Assets 2015 £m	Assets 2014 £m	Liabilities 2015 £m	Liabilities 2014 £m
Within one year	–	22	9	9
In the second year	–	–	22	6
In the third year	9	–	15	7
In the fourth year	–	7	–	1
Total cash flows	9	29	46	23

31. Financial risk**Capital management**

The group refinanced its £1.1bn multi-currency revolving credit facility with a £1bn facility signed on 7 January 2015. The new facility was for five years with two extension options exercisable by the banks. The first of these was exercised during the year, extending the facility maturity date to 7 January 2021. Execution of the second option during 2016 would extend the facility to January 2022.

In April 2015, Standard & Poor's confirmed the group's long term credit rating of BBB– (stable).

The group's policy is to maintain a net debt to underlying EBITDA ratio of less than 2.5 times. At the end of 2015 the ratio was 3.3 times which reflects the effect of strengthening of sterling against currencies in emerging markets and a short term increase in working capital.

At 31 December 2015 the group had £683m of available and undrawn facilities from its committed £1bn bank facility. Following the successful refinancing of its committed bank facility in January 2015, the group has no significant maturity until May 2017 and has a medium to long-term debt maturity profile. The group is currently well placed to access finance from the debt capital markets and the bank market if required. Borrowings are principally in sterling, US dollars and Euros reflecting the geographies of significant operational assets and profits.

Liquidity risk

The group mitigates liquidity risk by ensuring there are sufficient undrawn committed facilities available to it. For more details of the group's bank overdrafts, bank loans and loan notes see note 27.

The percentage of available, but undrawn committed facilities during the course of the year was as follows:

31 December 2014	34%
31 March 2015	29%
30 June 2015	28%
30 September 2015	24%
31 December 2015	25%

To reduce re-financing risk, group treasury obtains finance with a range of maturities and hence minimises the impact of a single material source of finance terminating on a single date.

Re-financing risk is further reduced by group treasury opening negotiations to either replace or extend any major medium-term facility at least 6-12 months before its termination date.

Maturity profile of loans and borrowings

The contractual maturities of financial assets and liabilities, together with the carrying amounts in the statement of financial position, including interest payments, estimated based on expectations at the reporting date, are shown below:

31 December 2015	Notes	Carrying Amount £m	Fair Value £m	Total contractual cash flows £m	Within 1 year £m	2-5 years £m	Over 5 years £m
Investments	22	49	49	49	49	–	–
Derivative financial instruments (interest rate swaps)	30	40	40	61	19	39	3
Financial assets designated at fair value through profit or loss		89	89	110	68	39	3
Derivative financial instruments (foreign exchange forwards)	30	–	–	–	5+(5)	–	–
Derivative financial instruments (cross currency swaps)	30	9	9	9	2+(2)	37+(28)	–
Financial assets designated as cash flow hedges		9	9	9	–	9	–
Net trade receivables	23	1,081	1,081	1,081	1,081	–	–
Cash and cash equivalents	26	443	443	443	443	–	–
Loans and receivables		1,524	1,524	1,524	1,524	–	–
Loan notes (issued May 2009, 7.75% maturing 2019)	27	(352)	(404)	(459)	(27)	(432)	–
Loan notes (issued March 2007, 5.86%-6.06%, maturing 2017-22)	27	(339)	(329)	(366)	(18)	(270)	(78)
Financial liabilities designated as fair value hedge		(691)	(733)	(825)	(45)	(702)	(78)
Derivative financial instruments (cross currency swaps)	30	(45)	(45)	(43)	14+(19)	534+(572)	–
Derivative financial instruments (interest rate swaps)	30	(1)	(1)	(1)	(1)	–	–
Derivative financial instruments (commodity swaps)	30	(3)	(3)	(3)	(3)	–	–
Financial liabilities designated as cash flow hedges		(49)	(49)	(47)	(9)	(38)	–
Loan notes (issued July 2008, 6.78%-7.56%, maturing 2016-20)	27	(272)	(300)	(332)	(44)	(288)	–
Loan notes (issued May 2012, 2.875%, maturing 2017)*	27	(442)	(456)	(468)	(13)	(455)	–
Loan notes (issued December 2012, 2.625%, maturing 2018)*	27	(369)	(388)	(398)	(10)	(388)	–
Bank loans	27	(399)	(399)	(399)	(75)	(324)	–
Overdrafts	27	(41)	(41)	(41)	(41)	–	–
Finance lease liabilities	28	(64)	(64)	(64)	(19)	(45)	–
Trade payables	29	(164)	(164)	(164)	(164)	–	–
Financial liabilities measured at amortised cost		(1,751)	(1,812)	(1,866)	(366)	(1,500)	–

* £44m of July 2008 loan notes, €90m (£66m) of May 2012 loan notes and €120m (£89m) of December 2012 loan notes are held in fair value hedge relationships.

Note: In the table above, certain values are presented gross, to show both the asset and the liability.

31. Financial risk *continued***Maturity profile of loans and borrowings** *continued*

31 December 2014 – restated ¹	Notes	Carrying Amount £m	Fair Value £m	Total contractual cash flows £m	Within 1 year £m	2-5 years £m	Over 5 years £m
Investments	22	44	44	44	44	–	–
Derivative financial instruments (interest rate swaps)	30	49	49	65	18	43	4
Financial assets designated at fair value through profit or loss		93	93	109	62	43	4
Derivative financial instruments (foreign exchange forwards)	30	1	1	1	8+(7)	–	–
Derivative financial instruments (cross currency swaps)	30	28	28	28	105+(84)	38+(31)	–
Financial assets designated as cash flow hedges		29	29	29	22	7	–
Net trade receivables	23	1,079	1,079	1,079	1,079	–	–
Cash and cash equivalents	26	422	422	422	422	–	–
Loans and receivables		1,501	1,501	1,501	1,501	–	–
Loan notes (issued May 2009, 7.75% maturing 2019)	27	(354)	(424)	(486)	(27)	(459)	–
Loan notes (issued March 2007, 5.77%-6.06%, maturing 2014-22)	27	(330)	(321)	(363)	(17)	(268)	(78)
Financial liabilities designated as fair value hedge		(684)	(745)	(849)	(44)	(727)	(78)
Derivative financial instruments (cross currency swaps)	30	(19)	(19)	(16)	+15+(19)	+580+(592)	–
Derivative financial instruments (interest rate swaps)	30	(1)	(1)	(1)	(1)	–	–
Derivative financial instruments (commodity swaps)	30	(5)	(5)	(5)	(4)	(1)	–
Financial liabilities designated as cash flow hedges		(25)	(25)	(22)	(9)	(13)	–
Loan notes (issued July 2008, 6.43%-7.56%, maturing 2015-20)	27	(357)	(398)	(439)	(121)	(267)	(51)
Loan notes (issued May 2012, 2.875%, maturing 2017) ²	27	(467)	(490)	(506)	(13)	(493)	–
Loan notes (issued December 2012, 2.625%, maturing 2018) ²	27	(391)	(414)	(429)	(10)	(419)	–
Bank loans	27	(165)	(165)	(165)	(60)	(105)	–
Overdrafts	27	(20)	(20)	(20)	(20)	–	–
Finance lease liabilities	28	(77)	(77)	(77)	(25)	(50)	(2)
Trade payables	29	(185)	(185)	(185)	(185)	–	–
Other liabilities	29	(11)	(11)	(11)	–	(11)	–
Financial liabilities measured at amortised cost		(1,673)	(1,760)	(1,832)	(434)	(1,345)	(53)

The gross cash flows disclosed in the tables above represent the contractual undiscounted cash flows relating to derivative financial assets and liabilities held for risk management purposes and which are usually not closed out before contractual maturity. The disclosure shows net cash flow amount for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement – e.g. forward exchange contracts.

- See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014.
- €90m (£70m) of May 2012 loan notes and €120m (£93m) of December 2012 loan notes are held in fair value hedge relationships.

Note: In the table above, certain values are presented gross, to show both the asset and the liability.

Market risk

Currency risk and forward foreign exchange contracts

The group conducts business in many currencies. Transaction risk is limited since, wherever possible, each business operates and conducts its financing activities in local currency. However, the group presents its consolidated financial statements in sterling and it is in consequence subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries.

Treasury policy is to manage significant translation risks in respect of net operating assets and its consolidated net debt/EBITDA ratio by holding foreign currency denominated loans, where possible. The group no longer uses foreign exchange contracts to hedge the residual portion of net assets not hedged by way of loans. The group believes that cash flow should not be put at risk by using these instruments in order to preserve the carrying value of net assets.

The group has hedged a substantial proportion of its exposure to fluctuations in the translation into sterling of its overseas net assets through these loans in foreign currencies.

At 31 December 2015, the group's US dollar and Euro net assets were approximately 83% and 90% respectively hedged by foreign currency loans (2014: US dollar 78%, Euro 74%). As at 31 December 2015, net debt held in US dollar and Euro and in those currencies officially pegged to these two currencies, equated broadly to a ratio of 2.5 times EBITDA generated from these currencies (2014: 2.3 times EBITDA).

Translation adjustments arising on the translation of foreign currency loans are recognised in equity to match translation adjustments on foreign currency equity investments which qualify as net investment hedges with no residual impact to equity.

Cross currency swaps with a nominal value of £25m are in place hedging the foreign currency risk on US\$50m of the second US Private Placement notes issued in July 2008, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.9750.

Cross currency swaps with a nominal value of £266m were arranged to hedge the foreign currency risk on €325m of the Euro public notes issued in May 2012, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.2217.

Cross currency swaps with a nominal value of £284m were arranged to hedge the foreign currency risk on €350m of the Euro public notes issued in December 2012, effectively fixing the sterling value of this portion of debt at an exchange rate of 1.2332.

Assuming the 2015 US dollar and the Euro foreign exchange rate market movements against sterling in 2015 were repeated in 2016, the fair value net gain on the cross currency swaps which hedge part of the currency loan notes would be expected to fall by £23m and this would impact equity.

Interest rate risk and interest rate swaps

Borrowing at floating rates as described in note 27 exposes the group to cash flow interest rate risk, which the group manages within policy limits approved by the directors. Interest rate swaps and, to a limited extent, forward rate agreements are utilised to fix the interest rate on a proportion of borrowings on a reducing scale over forward periods up to a maximum of five years. At 31 December 2015 the nominal value of such contracts was £109m (in respect of US dollar) (2014: £103m) and £52m (in respect of Euro) (2014: £54m); their weighted average interest rate was 1.3% (US dollar) (2014: 1.3%) and 0.6% (Euro) (2014: 0.6%), and their weighted average period to maturity was two years. All the interest rate hedging instruments are designated and fully effective as cash flow hedges and movements in their fair value have been deferred in equity.

The US Private Placement market is predominantly a fixed rate market, with investors preferring a fixed rate return over the life of the loan notes. At the time of the first issue in March 2007, the group was comfortable with the proportion of floating rate exposure not hedged by interest rate swaps and therefore rather than take on a higher proportion of fixed rate debt arranged fixed to floating swaps effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is Libor + 60bps. These swaps have been documented as fair value hedges of the US Private Placement fixed interest loan notes, with the movements in their fair value posted to profit and loss at the same time as the movement in the fair value of the hedged item.

The interest on the US Private Placement notes issued in July 2008, the GBP public notes issued in May 2009, 510m of the Euro public notes issued in May 2012 and 380m of the Euro public notes issued in December 2012 was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008 and on all the GBP public notes issued in May 2009 was swapped from fixed to floating for a period of three years using derivatives.

All three public notes have a coupon step up of 1.25% which is triggered should the credit rating of G4S plc fall below investment grade.

The core group borrowings are held in US dollar, Euro and sterling. Although the impact of rising interest rates is largely shielded by fixed rate loans and interest rate swaps which provide certainty on the vast majority of the exposure, some interest rate risk remains. A 1% increase in interest rates across the yield curve in each of these currencies with the 31 December 2015 debt position constant throughout 2016, would lead to an expectation of an additional interest charge of £12m in the 2016 financial year (2015: £11m).

31. Financial risk *continued*

Market risk *continued*

Commodity risk and commodity swaps

The group's principal commodity risk relates to the fluctuating level of diesel prices, particularly affecting its cash solutions businesses. Commodity swaps and commodity options are used to fix synthetically part of the exposure and reduce the associated cost volatility. Commodity swaps hedging 10 million litres of projected 2016 diesel consumption were in place at 31 December 2015. Commodity expense is not material in the context of the group's consolidated cost base.

Counterparty credit risk

The group's strategy for credit risk management is to set minimum credit ratings for counterparties and monitor these on a regular basis.

For treasury-related transactions, the policy limits the aggregate credit risk assigned to a counterparty. The utilisation of a credit limit is calculated by applying a weighting to the notional value of each transaction outstanding with each counterparty based on the type and duration of the transaction. The total mark-to-market value outstanding with each counterparty is also closely monitored against policy limits assigned to each counterparty. For short-term transactions (under one year), at inception of the transaction, the financial counterparty must be investment grade rated by either the Standard & Poor's or Moody's rating agencies. For long-term transactions, at inception of the transaction, the financial counterparty must have a minimum rating of BBB+/Baa1 from Standard & Poor's or Moody's.

Treasury transactions are dealt with the group's relationship banks, all of which have a strong investment grade rating. At 31 December 2015 the largest two counterparty exposures related to treasury transactions were £19m and £18m and both were held with institutions with a long term Standard & Poor's credit rating of A. These exposures represent 38% and 36% of the carrying values of the treasury transactions, with a fair value gain at the balance sheet date. Both of these banks had significant loan commitments outstanding to G4S plc at 31 December 2015.

The group operates a multi-currency notional pooling cash management system with a wholly-owned subsidiary of an A rated bank. At year end credit balances of £55m were pooled with debit balances of £57m, resulting in a net pool overdraft balance of £2m. There is legal right of set off under the pooling agreement and an overdraft facility of £3m.

At an operating level the minimum investment grade rating criteria applies. Exceptionally, where required by local country circumstances, counterparties with no, or a non-investment grade, rating can be approved as counterparties for a period of up to 12 months. Due to the group's global geographical footprint and exposure to multiple industries, there is minimal concentration risk.

32. Retirement benefit obligations

The group operates a wide range of retirement benefit arrangements which are established in accordance with local conditions and practices within the countries concerned. These include funded defined contribution, multi-employer and funded and unfunded defined benefit schemes.

Defined contribution arrangements

The majority of the retirement benefit arrangements operated by the group are of a defined contribution structure, where the employer contribution and resulting income statement charge is fixed at a set level or is a set percentage of employees' pay. Contributions made to defined contribution schemes and charged to the income statement totalled £96m (2014: £96m).

In the UK, following the closure of the defined benefit schemes to new entrants in 2004, the main scheme for new employees is a contracted-in defined contribution scheme.

Multi-employer arrangement

In the Netherlands, most employees are members of the Security Industry Wide Pension Fund (IWPF). This is a career-average defined benefit plan. Pensionable salary is subject to a cap, and minus an offset that reflects social security levels. Withdrawal from the scheme is only possible under certain strict conditions determined by Dutch law and by the pension fund board of the IWPF.

The plan is funded by a premium that is set by the IWPF board in line with the financing rules that state that the premium should cover the cost of the annual accrual of pension benefits. Historically, the premium has been 30% of pensionable salaries and the employer pays 60% of this premium and the employees the remaining 40%.

The financing rules specify that an employer is not obliged to pay any further premiums in respect of previously accrued benefits. This means that in case of insufficient funding, the benefits of participants could, in theory, be reduced. The current solvency ratio is 103.5% (December 2015). The required solvency ratio according to Dutch law is 120.7% (as at 31 December 2014). Should a surplus appear within the scheme the board will decide if a reduction in premium is possible although this would only be possible at much higher solvency levels.

The scheme is not accounted for as a defined benefit scheme under IAS 19 – Employee Benefits as it is not possible to identify the group's share of the scheme's assets and liabilities. As a result, and in line with general practice for such schemes, the scheme is accounted for as if it were a defined contribution scheme under IAS 19.

The Netherlands Cash Solutions Pension Plan ("the Cash Solutions scheme") is a separate scheme operated by the group but is required to provide benefits at least equivalent to the IWPF, and in particular pension increases in payment and deferral, as well as revaluation of active members' rights in the Cash Solutions scheme have to follow the multi-employer scheme (which applies a conditional approach).

At the end of December 2015, liability for future pension accrual in respect of the Cash Solutions scheme was transferred to the IWPF, resulting in a curtailment gain of £5m. Past service accruals remained with the Cash Solutions scheme – the scheme is insured so longevity risk on the base level of insured pension (that is before increases) is carried by the insurer; and any bonuses from the insurer's returns may defray the cost of pension increases. Accordingly, there is a counterparty risk against the insurer:

During 2014 the assets and past and future service liabilities of the Netherlands Securicor Staff Pension Plan were transferred to the IWPF, resulting in a settlement gain of £21m.

Defined benefit arrangements

The group operates several funded defined retirement benefit schemes where the benefits are based on employees' length of service. Whilst the group's primary scheme is in the UK, it also operates the Cash Solutions scheme and other less material plans elsewhere. Under funded arrangements, the assets of defined benefit schemes are held in separate trustee-administered funds or similar structures in the countries concerned.

The amounts recognised in income in relation to the material funded schemes are included within the following categories in the income statement:

	2015 £m	2014 £m
Cost of sales	(7)	(8)
Administration expenses	(2)	(2)
Specific items	5	21
Net finance costs	(9)	(20)
Total for material funded defined benefit schemes	(13)	(9)

The £5m specific item in 2015 relates to the curtailment gain on the Cash Solutions scheme, and the £21m in 2014 related to the settlement gain on the Netherlands Securicor Staff Pension Plan.

There are also various less material unfunded arrangements, for which the group does not hold related assets separate from the group. In aggregate, other unfunded arrangements incurred £1m (2014: £1m) in cost of sales, £3m (2014: £2m) in finance costs and a £3m (2014: £5m) actuarial loss recognised in other comprehensive income.

The defined benefit obligation (DBO), assets and balance sheet provisions for defined benefit schemes are as follows:

2015	DBO £m	Assets £m	(Deficit)/ surplus
UK sections:			
Securicor	(1,642)	1,448	(194)
Group 4	(362)	291	(71)
GSL	(214)	290	76
Total UK	(2,218)	2,029	(189)
Netherlands	(63)	47	(16)
Total for material funded defined benefit schemes	(2,281)	2,076	(205)
Total provision for unfunded and other funded defined benefit schemes			(74)
Total provision for all defined benefit schemes			(279)

2014	DBO £m	Assets £m	(Deficit)/ surplus
UK sections:			
Securicor	(1,642)	1,419	(223)
Group 4	(376)	285	(91)
GSL	(204)	279	75
Total UK	(2,222)	1,983	(239)
Netherlands	(73)	48	(25)
Other	(9)	9	–
Total for material funded defined benefit schemes	(2,304)	2,040	(264)
Total provision for unfunded and other funded defined benefit schemes			(55)
Total provision for all defined benefit schemes			(319)

32. Retirement benefit obligations *continued***UK Defined Benefit Scheme**

The defined benefit scheme in the UK accounts for 92% (2014: 91%) of the net balance sheet liability for material funded defined retirement benefit schemes. It comprises three sections: the Group 4 section which is the pension scheme demerged from the former Group 4 Falck A/S, the Securicor section, responsibility for which the group assumed on 20 July 2004 with the acquisition of Securicor plc, and the GSL section, responsibility for which the group assumed on 12 May 2008 with the acquisition of GSL.

The UK scheme is closed to future accrual apart from some sub-sections of the GSL section, and for most members defines the pension based on final salary. The GSL section has historically remained open to provide a facility to accept former public-sector employees who join the group through outsourcings. In the Group 4 and Securicor sections, members retain their link to final salary where appropriate on their benefits accrued up to closure in 2011.

The participants of the UK pension scheme sections can be analysed as follows:

At 5 April 2015	Group 4 section	GSL section	Securicor section	Total
Active participants				
– Number	–	607	–	607
– Average age	N/A	49.0	N/A	49.0
Deferred participants				
– Number	3,653	1,236	8,535	13,424
– Average age	52.0	51.0	53.0	52.5
Pensioner participants				
– Number	3,346	883	9,551	13,780
– Average age	71.0	65.0	69.0	69.2

There is a mix of fixed and inflation-dependent pension increases (in payment and deferment) which vary from member to member according to their membership history and the section of the scheme.

The discounted weighted average duration of the accrued liabilities of the sections are respectively 16 years (Group 4 section), 18 years (GSL section) and 17 years (Securicor section). As at 31 December 2014 the discounted weighted average duration of the accrued liabilities of the sections were 18 years (Group 4 section), 20 years (GSL section) and 19 years (Securicor section).

The scheme is set up under UK law and governed by a Trustee company which is responsible for the scheme's investments, administration and management. The Board of the Trustee Company is comprised of an independent chairman and further independent, group and scheme membership representatives.

The current schedule of deficit recovery contributions provides for a contribution of approximately £47m during 2016. In addition, the company has pledged a share of any material disposal proceeds to the pension scheme (to be shared in the same proportion as the pension scheme deficit bears to overall group indebtedness) and has agreed that additional contributions would be made in the event that the average annual dividend payment to ordinary shareholders over the three financial years 2015, 2016, 2017 exceeds a certain threshold or in the event that the company makes a significant special dividend payment (or equivalent capital return), to its ordinary shareholders over the same period.

A funding valuation is carried out for the scheme's Trustee every three years by an independent firm of actuaries. Depending on the outcome of that valuation a schedule of future contributions is negotiated; the group has guaranteed any contributions due from its subsidiaries.

The group is currently working with the Trustees on the next valuation which has an effective date of 5 April 2015 and the results of this work are expected to be completed in the second half of 2016.

The group has concluded that it should allow for a refund of any residual surplus in all three sections of the UK Scheme after all benefits have been paid. Therefore no adjustments for asset ceiling or additional liabilities under the IFRIC 14 interpretation are made. At present the GSL section has a surplus and the other two sections have deficits. The IASB is proposing to amend IFRIC 14 and the group will assess if there are any implications once the final form of the revised interpretation is clearer.

Expected contributions

The estimated amounts of contributions expected to be paid to the UK schemes during the financial year commencing 1 January 2016 in respect of the ongoing accrual of benefits should be approximately £5m and it is anticipated that these will remain at a similar level in the medium term subject to changes in financial conditions.

Principal risks

The group's pension schemes create a number of risk exposures. Annual increases on benefits are, to a varying extent from scheme to scheme, dependent on inflation so the main uncertainties affecting the level of benefits payable are future inflation levels (including the impact of inflation on future salary increases) and the actual longevity of the membership. Benefits payable will also be influenced by a range of other factors including member decisions on matters such as when to retire and the possibility to draw benefits in different forms.

A key risk is that additional contributions are required if the investment returns fall short of those anticipated when setting the contributions to the pension plans. For the UK funding valuation those assumed investment returns (for funding valuations) are set based on fixed margins over the LIBOR swap curve. The management of the pension fund assets has been delegated to an asset manager which manages the assets against a liability benchmark. The key parameters of this mandate can be summarised as follows:

- An asset mix which is managed dynamically over time rather than a set strategic allocation
- Interest rate and inflation risk is managed with the benchmark of hedging 100% of these risks as a percentage of the asset value through the use of debt instruments (government bonds) and derivatives
- Currency risk is managed with the objective of hedging at least 70% of the overseas currency exposure in the portfolio through the use of forward foreign currency contracts

All pension schemes are regulated by the relevant jurisdictions. These include extensive legislation and regulatory mechanisms that are subject to change and may impact the group's pension schemes.

Regarding financial reporting measures, the IAS 19 liability measurement (DBO) and the service cost are sensitive to the actuarial assumptions made on a range of demographic and financial matters that are used to project the expected benefit payments, the most important of these assumptions being about future inflation and salary growth levels and the assumptions made about life expectation. The DBO and service cost are also very sensitive to the IAS 19 discount rate, which determines the discounted value of the projected benefit payments. The discount rate depends on market yields on high-quality corporate bonds. Investment strategies are set with funding rather than IAS 19 considerations in mind and do not seek to provide a specific hedge against the IAS 19 measurement of liabilities. As a result the difference between the market value of the assets and the IAS 19 liabilities may be volatile.

Assumptions and sensitivities

The weighted average principal assumptions used for the purposes of the actuarial valuations were as follows:

	UK	Netherlands
Key assumptions used at 31 December 2015		
Discount rate	3.8%	2.4%
Expected rate of salary increases	3.2%	1.9%
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	3.0%	0.9%
Inflation	3.1%	1.9%
Key assumptions used at 31 December 2014		
Discount rate	3.7%	2.3%
Expected rate of salary increases	3.1%	1.8%
Pension increases in payment (for the UK, at RPI* with a limit of 5% p.a.)	2.8%	1.1%
Inflation	3.0%	1.8%

* The CPI assumption used for the UK valuation in 2015 was 2.1% (2014: 2%).

IAS 19 specifies that pension liabilities should be discounted at appropriate high-quality corporate bond rates. The group considers that it is appropriate to consider AA-rated corporate bonds as high quality and therefore have used discount rates based on yields on such bonds corresponding to the liability profile of the schemes.

The effect of a movement in the discount rate applicable in the UK would alter reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

Sensitivity analysis	Increase/ (decrease) in the DBO of the UK Scheme 2015 £m	Increase/ (decrease) in the DBO of the UK Scheme 2014 £m
	Discount rate assumption being 0.5% higher	(165)
Discount rate assumption being 0.5% lower	188	211

32. Retirement benefit obligations *continued***Assumptions and sensitivities** *continued*

The effect of a movement in RPI inflation applicable in the UK alters reported liabilities (before associated deferred tax adjustments) by approximately the amounts shown in the table below:

Sensitivity analysis	Increase/ (decrease) in the DBO of the UK Scheme 2015 £m	Increase/ (decrease) in the DBO of the UK Scheme 2014 £m
Inflation assumption being 0.5% higher	71	87
Inflation assumption being 0.5% lower	(73)	(80)

The above sensitivities allow for inflation-dependent assumptions such as salary growth and relevant pension increases to vary corresponding to the inflation assumption variation. Due to the caps and floors on pension increases a certain movement in the inflation assumption will not generally result in the same movement in the pension increase assumption.

In addition to the above, the group uses appropriate mortality assumptions when calculating the schemes' obligations. The mortality tables used for the scheme in the UK are: Birth year table SIP[M/F]A Base with future improvements in line with CMI_2013 Core projections, based on a long-term improvement rate of 1.25% p.a. and allowing for individual scaling factors based on the majority analysis carried out as part of the last funding valuation.

The resulting assumed life expectancy of a male member of the UK schemes currently aged 65 is 22 years. The assumed life expectancy at 65 of a male currently aged 52 is 23 years. At those ages, the assumed life expectancy for a female member is between 2 and 3 years longer than for a male member.

The effect of a one year change in this UK life expectancy assumption is to alter reported liabilities (before associated deferred tax adjustments) by approximately £93m (2014: £105m).

The selection of these movements to illustrate the sensitivity of the DBO to key assumptions should not be interpreted as the group expressing any specific view of the probability of such movements happening.

The amounts recognised on the balance sheet in respect of the material funded defined benefit schemes and the various components of income, OCI and cash flow are as follows:

2015	DBO £m	Assets £m	Provision £m
Amounts recognised on the balance sheet at beginning of the year	(2,304)	2,040	(264)
Amounts recognised in income			
Current service cost	(7)	–	(7)
Curtailement gain	5	–	5
Interest on obligations and assets	(83)	74	(9)
Administration costs paid from plan assets	(2)	–	(2)
Total amounts recognised in income	(87)	74	(13)
Remeasurements			
Actuarial gain – change in financial assumptions	18	–	18
Actuarial loss – change in demographic assumptions	(34)	–	(34)
Actuarial gain – experience	34	–	34
Return on assets in excess of interest	–	3	3
Remeasurement effects recognised in OCI*	18	3	21
Cash			
Employer contributions	–	50	50
Employee contributions	(2)	2	–
Benefits paid from plan assets	81	(81)	–
Net cash	79	(29)	50
Other			
Exchange rates	4	(3)	1
Transfers to immaterial schemes	9	(9)	–
Amounts recognised on the balance sheet at end of the year	(2,281)	2,076	(205)

* Total remeasurements recognised in OCI of £18m are shown net of remeasurements relating to other unfunded schemes of £3m.

2014	DBO £m	Assets £m	Total £m
Amounts recognised on the balance sheet at beginning of the year	(2,132)	1,660	(472)
Amounts recognised in income			
Current service cost	(8)	–	(8)
Settlements and past service costs	80	(59)	21
Interest on obligations and assets	(92)	72	(20)
Administration costs paid from plan assets	–	(2)	(2)
Total amounts recognised in income	(20)	11	(9)
Remeasurements			
Actuarial loss – change in financial assumptions	(231)	–	(231)
Actuarial loss – change in demographic assumptions	(2)	–	(2)
Actuarial gain – experience	4	–	4
Return on assets in excess of interest	–	392	392
Remeasurement effects recognised in OCI*	(229)	392	163
Cash			
Employer contributions	–	50	50
Employee contributions	(4)	4	–
Benefits paid from plan assets	72	(72)	–
Net cash	68	(18)	50
Other			
Exchange rates	9	(5)	4
Amounts recognised on the balance sheet at end of the year	(2,304)	2,040	(264)

* Total remeasurements recognised in OCI of £155m are shown net of remeasurements relating to non-controlling interests of £3m and other unfunded schemes of £5m.

The contribution from sponsoring companies in 2015 included £44m (2014: £42m) of additional contributions in respect of the deficit in the UK schemes.

The composition of the scheme assets at the reporting date is as follows:

	UK £m	Netherlands £m	Total £m
2015			
Equity	648	8	656
Bonds	254	33	287
Other	1,127	6	1,133
Total	2,029	47	2,076
2014			
Equity	491	9	500
Bonds	351	39	390
Other	1,141	–	1,141
Total	1,983	48	2,031

A more detailed split of assets of the UK scheme at 31 December 2015 is presented in the table below:

	2015 £m	2014 £m
Equity	574	424
Private equity	74	67
Government bonds	254	351
Credit	226	283
Property	65	57
Macro-oriented	319	278
Multi-strategy	104	55
Derivatives	123	263
Cash and cash equivalents	290	205
	2,029	1,983

32. Retirement benefit obligations *continued***Assumptions and sensitivities** *continued*

Within the UK pension fund, the Equity, Credit, Macro-orientated and Multi-strategy sub-categories consist of pooled vehicles investing predominantly in assets with quoted prices in active markets. All government bonds are issued by the UK government and have quoted prices in active markets. Other UK investments are predominantly not quoted.

Derivatives include a range of interest rate and inflation linked swaps, forward currency contracts, equity index total return swaps, equity options, and futures. Investing in interest rate and inflation linked swaps is designed to mitigate the impact of future changes in interest rates and inflation.

None of the pension scheme assets are held in the group's own financial instruments or in any assets held or used by the group.

33. Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts £m	Property and other £m	Total £m
At 1 January 2015 – restated*	24	17	91	47	15	194
Additional provision in the year	4	48	43	65	18	178
On acquisition of subsidiary	6	–	–	–	–	6
Utilisation of provision	(5)	(49)	(31)	(28)	(5)	(118)
Transfers and re-classifications	(9)	(2)	(3)	–	1	(13)
Unused amounts reversed	–	–	–	(1)	(3)	(4)
Translation adjustments	(1)	–	–	–	–	(1)
At 31 December 2015	19	14	100	83	26	242
Included in current liabilities						90
Included in non-current liabilities						152
						242

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of Europe and Africa in 2014.

Employee benefits

The provision for employee benefits is in respect of any employee benefits which accrue over the working lives of the employees, typically including items such as long service awards and termination indemnity schemes.

The group's net obligation in respect of long-term service benefits other than retirement benefits represents the present value of the future benefit that employees have earned at the balance sheet date, less the fair value of scheme assets out of which the obligations are to be settled directly.

During 2015 liabilities of £9m relating to severance schemes in certain businesses in Asia Middle East were re-classified to retirement benefit obligations to more accurately reflect the substance of the schemes and to allow for IAS 19(R) accounting.

Restructuring

Restructuring provisions include amounts for redundancy payments, and the costs of closure of activities in acquired businesses and discontinued operations. Settlement of restructuring provisions is highly probable. The timing is uncertain but is generally likely to be short term. In the year the group incurred restructuring costs of £44m (2014: £29m) within other separately disclosed items relating to the group wide transformation and a further £4m (2014: £4m) associated with costs incurred in the normal course of business and hence included in PBITA.

Claims

Claims provisions represent any outstanding litigation claims against the group that are likely to lead to the outflow of funds in the future, including provisions within the captive insurance companies to cover (where appropriate) anticipated claims incurred as at the balance sheet date, based on actuarial assessments to calculate the liabilities.

The claims reserves are held by the wholly-owned captive insurance subsidiaries in Guernsey and the US which underwrite part of the group's cash solutions, general liability, workers' compensation and auto liability policies. In the year the group provided £16m in relation to these claims. The provisions are subject to regular actuarial review and are adjusted as appropriate. Settlement of these provisions is highly probable but both the value of the final settlements and their timing is uncertain, dependent upon the outcome of ongoing processes to determine both liability and quantum in respect of a wide range of claims or possible claims.

Onerous customer contracts

The present value of estimated future net cash outflows relating to onerous customer contracts is provided for where the unavoidable costs of meeting the obligations in a customer contract exceed the economic benefits

expected to be received under the contract. During the year this included £65m of additional provisions mainly relating to updating estimates in respect of future losses on legacy UK government and PFI contracts, including the Compass contract. These additional provisions were recorded within specific items in the consolidated income statement.

Under the UK Compass asylum seeker contract with the Home Office, the group provides accommodation, transportation and subsistence services for asylum seekers whilst their claims are being processed. This contract commenced in 2012 and runs to 1 September 2017, with a potential extension of a further two years.

In 2014, an onerous contract provision was recognised in relation to the then-current assumptions regarding asylum seeker numbers, the duration and cost of accommodation and support services. The group experienced a significant increase in the number of new asylum seekers between November 2015 and January 2016 and as a result the number of asylum seekers in the group's care increased by 9.6% year-on-year. The Compass provision has been updated based upon our best estimate of the increase in asylum seekers assigned to the group, the availability of suitable accommodation approved by local authorities and the speed of processing of applications by the immigration authority.

To date, the Compass contract has not been extended and the onerous contract provision has been increased by £20m to £31m covering the period to August 2017. Should the contract be extended for the period to August 2019 then, based on the same assumptions as the current provision, a further provision for £57m would be required.

The other principal onerous contract provision relates to a previously identified PFI contract entered into in 2005 and is subject to on-going discussions with the customer. A best estimate has been made based on a range of possible outcomes including a commercial or dispute resolution process.

Unused amounts reversed of £3m includes a £2m release that was recorded within specific items. Net unwinding of discounts charged was not material.

Property and other

Included within property and other provisions are future liabilities for all properties sub-let at a shortfall, for the cost of replacing assets where there is a present contractual requirement, for long-term idle, leased properties and for certain customer claims on contracts that are related to the performance on a contract but do not form part of onerous customer contract provisions. Whilst the likelihood of settlement of these obligations is considered probable, there is uncertainty over their value and duration.

Included in property and other provisions are contract-related provisions of £14m (2014: £6m) and onerous property lease provisions of £12m (2014: £9m).

Contingent liabilities

To date, the Compass contract has not been extended and the onerous contract provision covers the period to August 2017. Should the contract be extended for the period to August 2019 then, based on the same assumptions as the current provision, a further provision for £57m would be required.

Other contingent liabilities exist in respect of agreements, claims, regulatory and compliance matters entered into in the normal course of business, none of which are individually or collectively significant.

34. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting periods:

	Retirement benefit obligations £m	Intangible assets £m	Tax losses £m	Other temporary differences £m	Total £m
At 1 January 2015 – restated*	64	(7)	41	75	173
(Charge)/credit to the income statement	(7)	6	10	5	14
Acquisition of subsidiaries (Charge)/credit to equity	–	–	–	(1)	(1)
Translation adjustments	(12)	–	–	3	(9)
Transfers/other	–	(2)	–	–	(2)
At 31 December 2015	–	–	–	3	3
At 31 December 2015	45	(3)	51	85	178
At 1 January 2014 – restated*	99	(37)	30	71	163
(Charge)/credit to the income statement	(3)	26	11	10	44
Disposal of subsidiaries (Charge)/credit to equity	–	4	–	(19)	(15)
Transfers/other	(32)	–	–	6	(26)
At 31 December 2014 – restated*	–	–	–	7	7
At 31 December 2014 – restated*	64	(7)	41	75	173

Notes to the consolidated financial statements *continued*

34. Deferred tax *continued*

Certain deferred tax assets and liabilities have been offset where permitted. The following is the analysis of the deferred tax balances (after offset):

	2015	2014 Restated*
	£m	£m
Deferred tax liabilities	(9)	(19)
Deferred tax assets	187	192
Total deferred tax position	178	173

* See note 3(w) for an explanation and analysis of certain prior year adjustments included above in respect of 2014, including additional net deferred tax assets recognised in North America and Europe.

At 31 December 2015, the group had unutilised tax losses of approximately £81.3m (2014: £77.1m) potentially available for offset against future profits. A deferred tax asset of £5.1m (2014: £4.1m) has been recognised in respect of approximately £26.3m (2014: £16.6m) of gross losses based on profitability from approved budgets and business plans.

No deferred tax asset has been recognised in respect of the remaining £55.0m (2014: £60.5m) of gross losses due to the unpredictability and availability of future profit streams in the relevant jurisdictions and the fact that a significant proportion of such losses remains unaudited by the relevant tax authorities. In certain cases, there are continuing structural issues which prevent the utilisation of losses within the foreseeable future. Losses which will never be utilised, for example due to the operation of statute, are not included in the above figures.

Approximately £41.4m (2014: £43.9m) of the gross unrecognised losses relate to the UK group. Their utilisation is dependent upon the profitability of particular trading and corporate entities. The financial projections used in assessing the future profitability are consistent with those used in assessing the carrying value of goodwill as set out in note 18. The rate of utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities which consequently impacts their recognition as deferred tax assets.

Included in unrecognised tax losses are gross losses of £38m (2014: £37m) which will expire between 2016 and 2025. Other losses may be carried forward indefinitely.

The group is reviewing the potential impact of proposals announced in the UK Budget in March 2016 to extend the period over which UK tax losses can be utilised.

At 31 December 2015, the aggregate amount of temporary differences associated with the undistributed earnings of non-UK subsidiaries and joint ventures was £1,334m (2014: £1,102m). A deferred tax liability of £3m (2014: £3m) has been recognised on undistributed earnings, based on expected distributions from such subsidiaries and joint ventures.

"Other temporary differences" varies by country, and includes items relating to the local tax treatment of fixed assets, employee benefits, and provisions.

35. Share capital

	2015	2014
	£	£
G4S plc		
Issued and fully paid ordinary shares of 25p each	387,898,609	387,898,609

	2015	2014
	Number	Number
Ordinary shares in issue		
At 1 January	1,551,594,436	1,551,594,436
At 31 December	1,551,594,436	1,551,594,436

36. Other reserves

	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Reserve for own shares £m	Total other reserves £m
At 1 January 2015 – restated	1	(113)	426	(18)	296
Total comprehensive loss attributable to equity shareholders of parent	2	(97)	–	–	(95)
At 31 December 2015	3	(210)	426	(18)	201
At 1 January 2014 – as reported	(21)	(59)	734	(18)	636
Re-classification of hedging reserves	26	(23)	–	–	3
At 1 January 2014	5	(82)	734	(18)	639
Total comprehensive loss attributable to equity shareholders of parent	(4)	(28)	–	–	(32)
Transfer to retained earnings	–	–	(308)	–	(308)
Recycling of translation reserves on disposal – restated	–	(3)	–	–	(3)
At 31 December 2014 – restated	1	(113)	426	(18)	296

Other reserves include:

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow instruments related to the hedged transactions that have not yet occurred (net of tax). During the year certain items in the hedging reserve were re-classified into the translation reserve to more accurately reflect the group's accounting policy with respect to net investment hedging. The amount recognised in the hedging reserve includes a fair value loss on the hedging instruments of £42m (2014: £36m) and a gain of £44m (2014: £30m).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the company's net investment in foreign operations (net of tax).

Merger reserve

The merger reserve comprises reserves arising upon the merger between the former Group 4 Falck A/S and the former Group 4 Securitas BV in 2000 and the acquisition of Securicor plc by the group in 2004. In accordance with Section 612 of the Companies Act 2006 the £308m premium on ordinary shares issued in the group's 9.99% share placement in August 2013 was initially recorded in the merger reserve, and was transferred to retained earnings in 2014.

Reserve for own shares

An employee benefit trust established by the group held 6,320,144 shares at 31 December 2015 (2014: 6,408,450 shares) to satisfy the vesting of awards under the performance share plan and performance-related schemes. During the year no shares were purchased by the trust, whilst 88,306 shares were used to satisfy the vesting of awards under the schemes. At 31 December 2015, the cost of shares held by the trust was £16,825,102 (2014: £17,060,185), whilst the market value of these shares was £14,251,925 (2014: £17,809,083). Shares held by the trust are treated as treasury shares, are deducted from equity, do not receive dividends and are excluded from the calculations of earnings per share.

Distributable reserves

As at 31 December 2015 the parent company of the group had distributable reserves of £1,078m.

37. Analysis of net debt

A reconciliation of net debt to amounts in the consolidated statement of financial position is presented below:

	2015	2014 Restated*
	£m	£m
Cash and cash equivalents	443	422
Investments	49	44
Net cash and overdrafts included within assets held for sale	5	–
Net debt included within assets held for sale	(6)	(1)
Bank overdrafts	(41)	(20)
Bank loans	(399)	(165)
Loan notes	(1,774)	(1,899)
Obligations under finance leases	(64)	(77)
Fair value of loan note derivative financial instruments	5	57
Total net debt	(1,782)	(1,639)

An analysis of movements in net debt in the year is presented below:

	2015	2014 Restated*
	£m	£m
Increase/(decrease) in cash, cash equivalents and bank overdrafts per consolidated cash flow statement	27	(123)
Purchase of investments	1	2
Movement in debt and lease financing	(139)	91
Change in net debt resulting from cash flows	(111)	(30)
Net additions to finance leases	4	21
Movement in net debt in the year	(107)	(9)
Translation adjustments	(36)	(24)
Net debt at the beginning of the year	(1,639)	(1,606)
Net debt at the end of the year	(1,782)	(1,639)

* See note 3(w) for an explanation and analysis of certain prior year adjustments and re-classifications included above in respect of 2014. In addition the group has changed its definition of net debt to include certain cross-currency swap liabilities specifically relating to the group's borrowings that were previously excluded. As a result, net debt as at 31 December 2014 increased by £19m.

38. Operating lease arrangements

The group as lessee

As at 31 December 2015, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015	2014 Restated*
	£m	£m
Within one year	107	94
In the second to fifth years inclusive	216	208
After five years	125	147
Total operating lease commitments	448	449

* Restated for the impact of re-classification of certain alarm-related leases in Europe and other leases in Africa from operating to finance leases – see note 3(w).

The group leases a number of its office properties, vehicles and other operating equipment under operating leases. Property leases are negotiated over an average term of around ten years, at rates reflective of market rentals. Periodic rent reviews take place to bring lease rentals in line with prevailing market conditions. Some but not all lease agreements have an option to renew the lease at the end of the lease term. Leased vehicles and other operating equipment are negotiated over an average lease term of four years.

39. Share based payments

In June 2014 a new long-term incentive plan replaced the previous performance share plan (the performance share plans), as detailed in the Directors' remuneration report on page 74. Shares allocated conditionally fall under either the group's performance share plans or the group's performance-related bonus scheme. Shares allocated conditionally under the performance-related bonus scheme vest three years following the date of grant provided certain non-market performance conditions are met. Those allocated under the group's performance share plans vest after three years, to the extent that certain non-market performance conditions are met. The proportion of the allocation of awards to these criteria is described in the remuneration report. Vesting occurs on the third anniversary of the date the shares were allocated conditionally.

The number of shares allocated conditionally is as follows:

	Performance-related bonus scheme 2015	Share award 2015	Total 2015	Performance-related bonus scheme 2014	Share award 2014	Total 2014
	Number	Number	Number	Number	Number	Number
Outstanding at 1 January	237,494	17,396,477	17,633,971	375,734	16,033,822	16,409,556
Allocated during the year	712,075	7,128,722	7,840,797	275,928	8,739,114	9,015,042
Transferred during the year	(45,923)	(42,383)	(88,306)	(388,305)	(137,809)	(526,114)
Forfeited during the year	(44,780)	(3,195,821)	(3,240,601)	(25,863)	(2,219,929)	(2,245,792)
Expired during the year	–	(4,076,274)	(4,076,274)	–	(5,018,721)	(5,018,721)
Outstanding at 31 December	858,866	17,210,721	18,069,587	237,494	17,396,477	17,633,971

The weighted average remaining contractual life of conditional share allocations outstanding at 31 December 2015 was 16 months (2014: 17 months). The weighted average share price at the date of allocation of shares allocated conditionally during the year was 290.0p (2014: 240.3p) and the contractual life of all conditional allocations was three years.

Under the group's performance share plans, the vesting of 30% (2014: 30%) of the shares allocated conditionally depends upon Total Shareholder Return (a market performance condition) over the vesting year measured against a comparator group. 25% of the allocation vests upon the group's Total Shareholder Return equalling median performance amongst the comparator group. The fair value of the shares allocated subject to this market performance condition has therefore been reduced by 75%.

The income statement is charged with an estimate for the vesting of shares conditionally awarded subject to non-market performance conditions. The charge for 2015 was £8m (2014: £5m).

40. Related party transactions

Transactions and balances with joint ventures

Transactions between the company and its subsidiaries have been eliminated on consolidation. Details of transactions between the group and other related parties are disclosed below. All transactions with related parties are entered into in the normal course of business.

Transactions with joint ventures included revenue recorded of £48m (2014: £48m). Amounts due to related parties include £nil (2014: £30m) to joint ventures. Amounts due from related parties include £5m (2014: £37m) from joint ventures.

No expense has been recognised in the year for bad and doubtful debts in respect of amounts owed by related parties.

The group has a legal interest in a number of joint arrangements, where the economic interest was divested by the Global Solutions Group prior to its acquisition by G4S plc in 2008. Transactions with these entities during the year comprised:

	2015 Services / sales to £m	2014 Services / sales to £m
White Horse Education Partnership Limited	2	2
Integrated Accommodation Services plc	49	48
Fazakerley Prison Services Limited	34	36
Onley Prison Services Limited	15	15
ECD Cookham Wood Limited	3	12
ECD Onley Limited	11	13
Stratus Integrated Services Limited	8	8
UK Court Services (Manchester) Limited	2	2
East London Lift Company Limited	1	1
Total	125	137

The group had outstanding balances of £10m (2014: £14m) with these entities as at 31 December 2015.

Transactions with post-employment benefit schemes

Details of transactions with the group's post-employment benefit schemes are provided in note 32. Unpaid contributions owed to schemes amounted to £0.4m at 31 December 2015 (2014: £0.5m).

Transactions with other related parties

In the normal course of the group's business the group provides services to and receives services from certain non-controlling interests on an arm's length basis.

Remuneration of key management personnel

The group's key management personnel are deemed to be the non-executive directors and those individuals, including the executive directors, whose remuneration is determined by the Remuneration Committee. Their remuneration is set out below. Further information about the remuneration of individual directors included within key management personnel is provided in the audited part of the Directors' Remuneration Report on pages 83 to 89.

	2015 £	2014 £
Short-term employee benefits	11,637,540	10,813,463
Post-employment benefits	134,201	155,178
Other long-term benefits	63,938	48,087
Share-based payment	4,922,935	2,886,813
Total	16,758,614	13,903,541

41. Events after the balance sheet date

No significant post-balance sheet events have affected the group since 31 December 2015.

42. Significant investments

The companies listed below are those which were part of the group at 31 December 2015 and which, in the opinion of the directors, significantly affected the group's results and net assets during the year. A comprehensive list of all group undertakings is disclosed on pages 171 to 188.

The principal activities of the companies listed below are indicated according to the following key:

Secure Solutions	S
Cash Solutions	C

These businesses operate principally in the country in which they are incorporated.

	Product segment	Country of incorporation	Ultimate ownership
Subsidiary undertakings			
G4S Soluciones de Seguridad S.A.	S	Argentina	84%
G4S Australia Pty Limited	S	Australia	100%
G4S Custodial Services Pty Limited	S	Australia	100%
G4S Secure Solutions AG (Austria)	S	Austria	100%
G4S Secure Solutions SA/NV	S	Belgium	100%
G4S Cash Solutions (Belgium) NV	C	Belgium	100%
G4S Interativa Service Ltda	S	Brazil	100%
Vanguarda Segurança e Vigilância Ltda	S	Brazil	100%
G4S Secure Solutions (Canada) Limited	S	Canada	100%
G4S Security Services Regiones S.A.	S	Chile	100%
G4S Secure Solutions Colombia S.A.	S+C	Colombia	100%
G4S Security Services A/S	S	Denmark	100%
G4S Aviation Services (UK) Limited	S	England	100%
G4S Care and Justice Services (UK) Limited	S	England	100%
G4S Cash Centres (UK) Limited	C	England	100%
G4S Cash Solutions (UK) Limited	C	England	100%
G4S Facilities Management (UK) Limited	S	England	100%
G4S Risk Management Limited	S	England	100%
G4S Secure Solutions (UK) Limited	S	England	100%
G4S Security Services (UK) Limited	S	England	100%
G4S Utility and Outsourcing Services (UK) Limited	S	England	100%
AS G4S Baltics	S+C	Estonia	100%
G4S Security Services Oy	S	Finland	100%
G4S Kézipénczlogisztikai Kft	C	Hungary	100%
G4S Secure Solutions (India) Pvt. Limited ^{1,3}	S	India	49%
G4S Secure Solutions (Ire) Limited	S	Ireland	100%
G4S Secure Solutions (Israel) Limited	S	Israel	92%
G4S Security Technologies (Israel) Limited	S	Israel	100%
G4S Kenya Limited	S+C	Kenya	100%
G4S Security Solutions S.A.R.L	S+C	Luxembourg	100%
Safeguards G4S Sdn Bhd ^{2,3}	S+C	Malaysia	49%
G4S Cash Solutions BV	C	Netherlands	100%
G4S Beheer BV	S	Netherlands	100%
G4S Peru S.A.C.	S+C	Peru	100%
Al Majal Service Master LLC ³	S	Saudi Arabia	49%
G4S Cash Solutions (SA) (Pty) Limited	C	South Africa	75%
G4S Secure Solutions (SA) (Pty) Limited	S	South Africa	72%
G4S Secure Solutions (Thailand) Limited	S	Thailand	100%
G4S Secure Solutions (USA) Inc.	S	USA	100%
G4S Technology Software Solutions LLC	S	USA	100%
G4S Youth Services LLC	S	USA	100%

1. G4S Secure Solutions (India) Pvt. Limited has a year end of 31 March.

2. Safeguards G4S Sdn Bhd has a year end of 30 June.

3. By virtue of shareholder agreements, options, pre-emption rights and other contractual arrangements, the group has the power to govern the financial and operating policies, so as to obtain the benefits from the activities of these companies. These are therefore consolidated as full subsidiaries.

43. Details of Related Undertakings of G4S plc

Subsidiaries

Entities listed below are subsidiaries at 31 December 2015, by reason of the holding of a majority of the voting rights or, if a majority is not held, by virtue of section 1162 (2) (c) of the Companies Act 2006. Not all of the companies listed below are trading entities.

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S ALGERIE EURL	Algeria	100.0%		Lotissement Benhedadi Said N°3 Dar Diaf Cherraka, 16050, Algeria
SECURICOR GRAY SECURITY SERVICES (ANGOLA) (PTY) LTD	Angola	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SERVICOS DE SEGURANCA (ANGOLA) LIMITADA	Angola	65.0%		Rua Massango, No. 50/52 Cruzeiro-Ingombota, Luanda, Angola
G4S SOLUCIONES DE SEGURIDAD S.A.	Argentina	83.6%		Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina
G4S SERVICIOS DE SEGURIDAD S.A.	Argentina	75.0%		Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina
INDOMEGA S.A.	Argentina	83.5%		Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina
MANAR S.A.	Argentina	83.5%		Peru 338 San Fernando del Valle de Catamarca, K4700AKJ Catamarca, Argentina
PROTECCION E INVERSIONES, S.A.	Argentina	80.0%		Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina
G4S SOLUCIONES GLOBALES S.A.	Argentina	75.0%		Jose Demaria 4470 (C1425AEB), Buenos Aires, Argentina
G4S APPLIED SECURITY S.A.	Argentina	75.0%		Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina
G4S CONTROL SYSTEMS SA	Argentina	78.7%		Timoteo Gordillo 5697/5611, C1439 GKA Buenos Aires, Argentina
G4S DETCON S.A.	Argentina	73.0%		Bulnes 1569 (C1176ACC), Ciudad Autonomas de Buenos Aires, Argentina
ORCANI PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S INTERNATIONAL LOGISTICS (AUSTRALIA) PTY LTD	Australia	100.0%		c/o HLB Mann Judd, Level 19, 207b Kent Street, 2000 Sydney, Australia
G4S COMPLIANCE & INVESTIGATIONS PTY LTD	Australia	100.0%		P.O. Box 7332 (Level 3, 182-184 Bourke Road), NSW 2015 Alexandria, Australia
G4S AUSTRALIA PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S HEALTH SERVICES AUSTRALIA PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S CUSTODIAL SERVICES PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S AUSTRALIA HOLDINGS PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
FOGL KNIGHT SECURITY ELECTRONICS PTY. LTD.	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S SECURE SOLUTIONS (AUSTRALIA) PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S NATIONAL COMMAND CENTRE (AUSTRALIA) PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S CORRECTIONAL SERVICES (AUSTRALIA) PTY LTD	Australia	100.0%		Level 4 616 St Kilda Road, Melbourne, 3004 Victoria, Australia
G4S SECURE SOLUTIONS AG (AUSTRIA)	Austria	100.0%		Dresdner Strasse 91/1, A-1200 Vienna, Austria
G4S SECURITY SYSTEMS GMBH	Austria	100.0%		Peilsteinerstr. 5-7, A-5020 Salzburg, Austria
G4S DIENSTLEISTUNGS GMBH	Austria	100.0%		Dresdner Strasse 91/1, A-1200 Vienna, Austria
GROUP 4 SECURITAS REP OFFICE	Azerbaijan	100.0%		59/4 Neftchilyar Ave, AZ1000 Baku, Azerbaijan
G4S SECURE SOLUTIONS BAHRAIN WLL	Bahrain	34.3%		Villa 925, Road 3830, Manama, Qudaybiyah 338, P.O. Box 15193 Adliya, Bahrain
G4S REGIONAL CONSULTANCY SERVICES (NAMESA) WLL	Bahrain	100.0%		141, 14th Floor, Al Jasrah Tower, Building no. 95, Road 1702, Area 317, Diplomatic Area Manama
G4S SECURE SOLUTIONS BANGLADESH (P) LTD	Bangladesh	100.0%		House # KA 79, Joar Sahara, Dhaka, 1212 Dhaka, Bangladesh
FIRST SELECT BANGLADESH LIMITED	Bangladesh	40.0%		Apartment 10/A, Rupsha Tower, 7 Kamal Ataturk Avenue, Banani, Dhaka, Bangladesh
G4S SECURE SOLUTIONS (BARBADOS) LTD	Barbados	51.0%		Brighton, Spring Garden, St. Michael, Barbados
G4S CASH SOLUTIONS (BELGIUM) SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SUPPORT SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURE SOLUTIONS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S CARGO SOLUTIONS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S TRAINING & CONSULTANCY SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S AVIATION SECURITY SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURE MONITORING SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SECURITY SYSTEMS SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium

43. Details of Related Undertakings of G4S plc *continued*Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S CARE SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S EVENT SERVICES SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S EVENT SECURITY SA/NV	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S FIRE AND SAFETY BV/BA	Belgium	100.0%		Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S BELGIUM NOMINEE NV	Belgium	100.0%	100%	Buro & Design Center PB 77 Heizel Esplanade 1020 Brussels, Belgium
G4S SAFETY SYSTEMS N.V.	Belgium	100.0%		Abtsdreef 10, 2940 Stabroek, Belgium
ASC SAFETY SERVICES B.V./B.A.	Belgium	100.0%		Abtsdreef 10, 2940 Stabroek, Belgium
G4S BOLIVA S.A.	Bolivia	99.9%		Marcelo terceros Banzer S/N, 3er Anillo Ext. Equipetrol (Frente Hotel Casa Blanca), Santa Cruz, Bolivia
G4S (BOTSWANA) LTD	Botswana	70.0%		Plot 20584, Western Bypass, Gaborone, Botswana
FIDELITY CASH MANAGEMENT SERVICES (BOTSWANA) PTY LTD	Botswana	100.0%		Plot 50370, Fairgrounds Office Park, Gaborone, Botswana
G4S FACILITIES MANAGEMENT BOTSWANA (PTY) LTD	Botswana	48.9%		Plot 50370, Fairgrounds Office Park, Gaborone, Botswana
G4S BRAZIL HOLDING LTDA	Brazil	100.0%		Av. Rio Branco, 1 – 9 andar, parte, B, Centro, Rio de Janeiro, Brazil
G4S MONITORAMENTO E SISTEMAS LTDA.	Brazil	100.0%		Rua Sapetuba, 166, 1 andar, Butantã, São Paulo, Brazil
BEGÔNIA PARTICIPAÇÕES E ADMINISTRAÇÃO DE EMPRESAS LTDA.	Brazil	100.0%		Av. Almirante Barroso, 52, 23 andar, sala 2302, parte, Centro, 20031-000, Rio de Janeiro, Brazil
FALCAO 4 PARTICIPAÇÕES LTDA.	Brazil	100.0%		Sapetuba, 166, parte, 05510-000 São Paulo, Brazil
VIGILARME SERVIÇOS DE VIGILÂNCIA ARMADA E DESARMADA LTDA.	Brazil	100.0%		Avenida Indianapolis, 1.948, Bloco B, Planalto Paulista, Sao Paulo, Brazil
G4S ENGENHARIA E SISTEMAS LTDA	Brazil	100.0%		Rua Sapetuba, 166, 1 andar, Butantã, São Paulo, Brazil
G4S INTERATIVA SERVICE LTDA.	Brazil	100.0%		Rua Santa Rosa, 911, Bairro Santa Paula, Sao Caetano do Sul, Sao Paulo, Brazil
VANGUARDA SEGURANÇA E VIGILÂNCIA LTDA	Brazil	100.0%		Rua Conselheiro Ramalho 362, Bela Vista, 01325-000 São Paulo, Brazil
SEI SERVIÇOS INTEGRADOS LTDA	Brazil	100.0%		Rua Amazonas, 416, Sl. 12, Centro, São Caetano do Sul, 09520-060 São Paulo, Brazil
EMPRESA NACIONAL DE SEGURANCA LTDA	Brazil	100.0%		Rua Maria José, 69, Bela Vista, 01324-010 São Paulo, Brazil
G4S PARTICIPAÇÕES LTDA	Brazil	100.0%		Rua Mayrink Veiga, 6, sala 301, parte Centro, 20090-050 Rio de Janeiro, Brazil
G4S GROUP HOLDING (ASIA) LTD	British Virgin Islands	100.0%		CITCO Building, Wickhams City, P.O. Box 662, Road Town, Tortola, British Virgin Islands
G4S SECURE SOLUTIONS (ASIA) LTD	British Virgin Islands	100.0%		Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
G4S HOLDINGS LTD	British Virgin Islands	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States
ARMORGROUP (SPECIAL CLEARANCE SERVICES) LTD	British Virgin Islands	100.0%		Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
HILL & ASSOCIATES CONSULTANTS LTD	British Virgin Islands	100.0%		Kingston Chambers, P.O. Box 173, Road Town Tortola, British Virgin Islands
G4S (BVI) HOLDCO (COLOMBIA II) LTD	British Virgin Islands	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States,
HILL & ASSOCIATES CONSULTANTS (MIDDLE EAST) LTD	British Virgin Islands	100.0%		P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
ASHINO HOLDINGS LTD	British Virgin Islands	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States,
G4S SECURE SOLUTIONS SDN BHD	Brunei Darussalam	55.0%		Unit 406A-410A, Wisma Jaya, Jalan Pemancha, BS8811 Bandar Seri Begawan, Brunei Darussalam
G4S SECURE DATA SOLUTIONS SDN BHD	Brunei Darussalam	38.5%		Unit 406A-410A, Wisma Jaya, Jalan Pemancha, BS8811 Bandar Seri Begawan, Brunei Darussalam
SPHERE SECURE SERVICES SDN BHD	Brunei Darussalam	100.0%		No. 12, Simpang 591, Kampung Jerudong, BG3122 Bandar Seri Begawan, Brunei Darussalam
G4S SECURITY SOLUTIONS EOOD	Bulgaria	100.0%		management at 1, Business Park Sofia, block 3, office 207-208, 1766 Sofia, Mladost Region, Bulgaria
G4S SECURITY SERVICES CAMEROON PLC	Cameroon	48.7%		Old Airport Road, Bonapriso Doula, Cameroon
G4S SECURE SOLUTIONS (CANADA) LTD. (G4S SOLUTIONS DE SECURITE (CANADA) LTEE)	Canada	100.0%		150 Ferrand Drive, Suite 600, M3C 3E5 Toronto, Ontario, Canada
INDO BRITISH GARMENTS (CANADA) LTD	Canada	100.0%		5255 Orbitor Drive, L4W 5M6 Mississauga Ontario, Canada
SERVICE MASTERS LTD	Cayman Islands	100.0%		Caledonian House, 69 Dr. Roy's Drive, KY1-1102 George Town, Grand Cayman, Cayman Islands

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
LA KING SECURITY SERVICE DU GROUPE MCG (JV)	Central African Republic	100.0%		Rue Kongo Waga, ONAF 5, Lot 247, Central African Republic
G4S CENTRAFRIQUE SECURITE SOLUTION SURL	Central African Republic	100.0%		No 48/85, Avenue Kolwezi, Gombe, Kinshasa, DRC
SERVICIOS GENERALES S.A.	Chile	100.0%		Avda. Irarrazaval No. 3761, Ñuñoa, Santiago, Chile
G4S SECURITY TRAINING (CHILE) SA	Chile	100.0%		Avda. Irarrazaval No. 3761, Ñuñoa, Santiago, Chile
G4S HOLDINGS CHILE S.A.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
G4S SECURITY SERVICES REGIONES, S.A.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
G4S SECURITY SERVICES LIMITADA	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
ARRIENDOS FAST CAR, LTDA.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
CAPACITACIÓN Y DESARROLLO, LTDA.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
SERVICIOS Y CAPACITACIÓN, LTDA.	Chile	50.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
SERVICIOS DE INFORMACIÓN COMUNICACIONES Y TECNOLÓGICOS S.A.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
G4S AUSTRAL S.A.	Chile	100.0%		Avda. Zañartu 1680, Ñuñoa – Santiago, Chile
G4S FACILITIES MANAGEMENT LTD.	China	100.0%		13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China
SHENZHEN G4S DONAR TECHNOLOGY CO, LTD	China	100.0%		West Floor 9, Bus Tower 1001, Lianhau branch, Futian District, 518036 Shenzhen, China
G4S MING WANG SECURITY SYSTEMS CO, LTD.	China	75.0%		Room 801, East 8th Floor, 1st Building, QingDong Business Area, No.1 CheDaoGou, HaiDan District, 100089 Beijing, China
G4S SECURITY SYSTEMS (BEIJING) CO, LTD	China	75.0%		Room 01-4 Tower A 8F, Yi Cheng International Centre No.10 Rong Hua Middle Road Beijing Development Area, 100176 Beijing, China
G4S TECHNOLOGY (CHINA) LTD	China	100.0%		Room 710A, 7/F, Nan Fang Securities Building, 140 -148 Ti Yu Dong Lu, Tian He District, Guangzhou, China
GUANGZHOU G4S JD ELECTRONICS TECHNOLOGY CO, LTD	China	50.0%		Room 101, No. 2-7, Caipin Road, Science City, Guangzhou Development District, 510630 Guangzhou, China
HILL & ASSOCIATES (PRC) LTD	China	100.0%		6A, Huamin Empire Plaza, No. 728 Yan An Road (W), 200050 Shanghai, China
G4S ZHEJIANG SECURE SOLUTIONS CO LTD	China	65.0%		17-1 Bai Ma Miao Xiang, Shangcheng District, Hangzhou, China
G4S INTERNATIONAL LOGISTICS (SHANGHAI) CO. LTD	China	100.0%		Room 204-7, 2/Floor, China Diamond Exchange Center Building, Tower B, No. 1701 Century Boulevard, Pudong New Area, Shanghai, China
G4S MANAGEMENT SERVICES (SHANGHAI) CO. LTD	China	100.0%		13F, Hui Shang Building, 1286 Min Sheng Road, Pudong New District, 200122, Shanghai, China
G4S SECURE SOLUTIONS COLOMBIA S.A.	Colombia	100.0%		Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia
G4S RISK MANAGEMENT COLOMBIA S.A.	Colombia	94.5%		Avenida 26 No. 69A – 51 Torre A, Int 1, Piso 2, Bogota, Colombia
G4S HOLDING COLOMBIA SA	Colombia	100.0%		Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia
G4S TECHNOLOGY COLOMBIA S.A.	Colombia	100.0%		Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia
G4S CASH SOLUTIONS COLOMBIA LTDA.	Colombia	100.0%		Avenida de las Americas No. 41 – 08, Bogota, Colombia
EBC INGENIERIA S.A.S	Colombia	100.0%		Avenida 26 No 69A-51 Torre A, Int 1 Piso 3, Bogota, Colombia
GFOURS S.A.	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica
G CUATRO S VALOURS S.A.	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica
WACKENHUT SERVICIOS DE SEGURIDAD, S.A.	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica
WACKENHUT SERVICIO DE ESCOLTAS, S.A.	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica
G FOUR S GRUPO DE SERVICIOS ESPECIALES DE SEGURIDAD, S.A.	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica
G FOUR S CONSULTOR EN SEGURIDAD, S.A.	Costa Rica	100.0%		Sabana Sur Yamuni 200 Sur de Frente a Consejo Nacional de Produccion, San Jose, Costa Rica
G CUATRO S LOGISTICA DE VALORES SA	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica
G CUATRO S CASH SOLUTIONS S.A.	Costa Rica	100.0%		Cinco Esquinas de Tibas de la Clinica, Clorito Picado 150 mts. Oeste, San Jose, Costa Rica
G4S GULF HOLDINGS NV	Curacao	100.0%		Kaya Flamboyan 6, Curaçao, Dutch West Indies, Curacao
G4S SECURE SOLUTIONS (CYPRUS) LTD	Cyprus	74.0%		Diianiras 17, 2045 Strovolos Nicosia, P.O. Box 23989 1687, Nicosia, Cyprus
G4S HOLDING CYPRUS LTD	Cyprus	100.0%		P.O. Box 23989, 1687 Nicosia, Cyprus
ARMORGROUP (MIDDLE EAST) LIMITED	Cyprus	100.0%		Julia House, 3 Themistocles Dervis street, CY-1066 Nicosia, Cyprus
GROUP 4 ALARMS SRO	Czech Republic	100.0%		Na Kosince 2257/9, 180 00 Prague 8, Czech Republic
XYZ SERVICES SRO	Czech Republic	100.0%		Na Kosince 2257/9, 180 00 Prague 8, Czech Republic
G4S SECURE SOLUTIONS (CZ), A.S.	Czech Republic	100.0%		Na Kosince 2257/9, 180 00 Prague 8, Czech Republic
G4S CASH SOLUTIONS (CZ) A.S.	Czech Republic	100.0%		Na Kosince 2257/9, 180 00 Prague 8, Czech Republic

43. Details of Related Undertakings of G4S plc *continued*Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S SERVICES S.R.O.	Czech Republic	100.0%		Na Kosince 2257/9, 180 00 Prague 8, Czech Republic
G4S (DRC) S.A.R.L.	Democratic Republic of Congo	95.0%		108, Boulevard du 30 Juin, Gombe, Kinshasa, Democratic
G4S HOLDINGS (DK) A/S	Denmark	100.0%	100.00%	Roskildevej 157, DK-2620 Albertslund, Denmark
G4S INTERNATIONAL (DK) A/S	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S SECURITY SERVICES A/S	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S KYHLENSE A/S	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S VIKINGA SURAMERICANA APS	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S SURAMERICANA HOLDING APS	Denmark	100.0%		Roskildevej 157, DK-2620 Albertslund, Denmark
G4S SECURE SOLUTIONS	Dominican Republic	95.0%	28.50%	Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic
G4S CASH SOLUTIONS	Dominican Republic	95.0%		Paseo de los Locutores #36, Ensanche Piantini, Santo Domingo, Dominican Republic
G4S SECURE SOLUTIONS (ECUADOR) CIA LTDA.	Ecuador	99.9%		Luis Cordero E12-114 y Toledo, Quito, Ecuador
G4S HOLDING (ECUADOR) S.A.	Ecuador	99.9%		Luis Cordero E12-114 y Toledo, Quito, Ecuador
DEFENCE SYSTEMS ECUADOR DSE CIA LTDA	Ecuador	99.9%		Luis Cordero E12-114 y Toledo, Quito, Ecuador
G4S FACILITY MANAGEMENT CIA LTDA	Ecuador	99.9%		Calle La Perla y 5th. Transversal, P.O. Box 17-11-04791 Quito, Ecuador
CEFOSEG CIA. LTDA.	Ecuador	100.9%		Calle La Perla y 5th. Transversal, P.O. Box 17-11-04791 Quito, Ecuador
G4S SECURE SOLUTIONS (EGYPT) LLC	Egypt	85.0%		2nd District, 90th Street, Area 6, 5th Settlement, New Cairo, Cairo, Egypt
INDO BRITISH GARMENTS EGYPT S.A.E.	Egypt	99.0%		Head Office: Ismalia Public Free Zone Area, Egypt
FS INVESTMENTS LLC	Egypt	99.0%		7 El Sherka El Porsaidia St., Auba Boula Sq. Ard El Golf, Heliopolis, Cairo, Egypt
FIRST SELECT EGYPT LLC	Egypt	59.4%		Flat no. 7, Bur Saeediya Company Street, Alan Babula Square, Heliopolis, Golf Land, Cairo, Egypt
G4S LOTUS FACILITIES MANAGEMENT COMPANY	Egypt	51.0%		3A Nabatat Street, Garden City, Cairo, Egypt
G4S SECURE SOLUTIONS EL SALVADOR S.A. DE C.V.	El Salvador	100.0%		Av. Olimpica 3765, San Salvador, El Salvador
AS G4S BALTICS	Estonia	100.0%		Paldiski mnt 80, 10617 Tallinn, Estonia
AS G4S GRUPP	Estonia	100.0%		Paldiski mnt 80, 10617 Tallinn, Estonia
AS G4S EESTI	Estonia	100.0%		Paldiski mnt 80, 10617 Tallinn, Estonia
ALARMTEC AS	Estonia	100.0%		Töökoja 1, 11313 Tallinn, Estonia
AS ÜHISTEENUSED	Estonia	100.0%		Tarta mnt 80j, 10112 Tallinn, Estonia
G4S SECURITY SERVICES OY	Finland	100.0%		P.O. Box 2525, Pitäjänmaentie 14, 00380, Helsinki, Finland
G4S CASH SOLUTIONS OY	Finland	100.0%		P.O. Box 2525 (Suometsäntie 1), 01741 Vantaa, Finland
G4S HALYTYS-JA PIIRIVALVONTA OY	Finland	100.0%		P.O. Box 2525, Pitäjänmaentie 14, 00380, Helsinki, Finland
G4S MYYMALATURVALLISUUS OY	Finland	100.0%		P.O. Box 2525, Pitäjänmaentie 14, 00380, Helsinki, Finland
G4S PAIKALLISVARTIOINTI JA VASTAANOTTOPALVELUT OY	Finland	100.0%		P.O. Box 2525, Pitäjänmaentie 14, 00380, Helsinki, Finland
G4S INTERNATIONAL HOLDINGS (FRANCE) SAS	France	100.0%		18 R Pasquier, 75008 Paris, France
G4S AVIATION SECURITY (FRANCE) SAS	France	100.0%		18 Rue Pasquier, 75008 Paris, France
G4S SECURE SOLUTIONS FRANCE SAS	France	100.0%		88ter avenue du General Leclerc, 92100 Boulogne Billancourt, France
GUIDANCE SURVEILLANCE ELECTRONIQUE SAS	France	100.0%		104 Rue d'amsterdam, 75009 Paris, France
G4S GABON SECURE SOLUTIONS S.A.	Gabon	99.9%		Quartier Ambowe, BP 4000 Libreville, Gabon
G4S SECURE SOLUTIONS (GAMBIA) LTD	Gambia	90.0%		9 Booster Street, Fajara, SK Serrekunda, Gambia
G4S SECURITY HOLDINGS DE GMBH	Germany	100.0%		Balansstr. 55, D-81541 München, Germany
G4S INTERNATIONAL LOGISTICS (GERMANY) GMBH	Germany	100.0%		Rathenaustrasse 53, D-63263 Neu-Isenburg, Germany
G4S IMMOBILIEN-VERWALTUNGS GMBH	Germany	100.0%	5.20%	Pappelallee 41, D-22089 Hamburg, Germany
G4S SECURITY SERVICES (GHANA) LTD	Ghana	100.0%		31 Second Labone Street, Labone, Accra, Ghana
G4S (GHANA) LTD	Ghana	100.0%		31 Second Labone Street, Labone, Accra, Ghana
G4S SECURE SOLUTIONS (GHANA) LTD	Ghana	100.0%		31 Second Labone Street, Labone, Accra, Ghana
G4S RISK MANAGEMENT (AFRICA) LTD	Ghana	49.0%		31 Second Labone Street, Labone, Accra, Ghana

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S SECURE SOLUTIONS SA	Greece	100.0%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
G4S HELLAS HOLDING SA	Greece	100.0%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
G4S CASH SOLUTIONS SA	Greece	100.0%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
G4S TELEMATIX SA	Greece	39.4%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
WSW SKYKAP SERVICES SA	Greece	42.5%		5 klm, Spaton-Loutsas aven., 190 19 Spata, Greece
G4S AVIATION AND PORTS SECURE SOLUTIONS SA	Greece	100.0%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
HELLAS GUARD S.A. UNDER LIQUIDATION	Greece	18.0%		National Road Palaiokastritsas, 491 00 Kerkiras, Greece
G4S RMS LTD	Greece	99.9%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
CSI DEFENSE LTD	Greece	50.0%		35 Kountouriotou, 555-35 Thessaloniki, Greece
G4S SECURITY SYSTEMS AND MONITORING SERVICES (GREECE) SA	Greece	100.0%		7, Sorou Str., 144 52 Metamorphosis, Athens, Greece
G4S SECURE SOLUTIONS (GRENADA) LTD.	Grenada	51.0%		Maurice Bishop Highway Grand Anse St. George's, Grenada
G4S SECURE SOLUTIONS (GUAM), INC.	Guam	100.0%		1851A Army Drive, Harmon, Guam, 96913, Guam
G4S SECURITY SYSTEMS (GUAM) INC.	Guam	100.0%		1851A Army Drive, Harmon, Guam, 96913, Guam
WACKENHUT DE GUATEMALA SA	Guatemala	50.0%		Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala
WACKENHUT ELECTRONICA SA	Guatemala	47.5%		Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala
G4S DOCUMENTA, S.A.	Guatemala	50.0%		Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala
FACILITY SERVICES, S.A.	Guatemala	28.0%		Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala
G4S SECURE SOLUTIONS, S.A.	Guatemala	50.0%		Avenida Petapa 42-51, Zona 12 Guatemala City, Guatemala
G4S SECURE SOLUTIONS (GUERNSEY) LTD	Guernsey	100.0%		Homefield Rue de L'Epinel Forest, GY8 0HL, Guernsey
G4S INSURANCE (GUERNSEY) LTD	Guernsey	100.0%	100.00%	PO. Box 384, 4th Floor, The Albany, South Esplanade, GY1 4NF St. Peter Port, Guernsey
G4S SECURITY SERVICES (GUINEA) SARL	Guinea	75.0%		Commune de Ratoma, Kipe Centre Emetteur, Pres de la Seg, Conakry, Guinea
G4S SECURE SOLUTIONS DE HONDURAS S.A. DE C.V.	Honduras	100.0%		Edificio Santa Elena, primer nivel, Colonia San Carlos, Av. La Paz Tegucigalpa, Honduras
G4S (HONG KONG – HOLDING) LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
VERDI LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S SECURE SOLUTIONS (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S GURKHA SERVICES LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
HONG KONG SECURITY LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S DOCUMENT MANAGEMENT SERVICES (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S FACILITY SERVICES (HONG KONG) LTD.	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S CASH SOLUTIONS (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
SECURICOR MACAU INVESTMENT LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S GROUP HOLDING (CHINA) LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
STARPOINT INVESTMENTS LTD	Hong Kong	100.0%		1/F, Securicor Ctre, 481 Castle Peak Rd, Cheung Sha Wan, Kowloon, Hong Kong
G4S INTERNATIONAL LOGISTICS (HONG KONG) LTD	Hong Kong	100.0%		Unit 02, 7/F, Beautiful Group Tower, 77 Connaught Rd Central, Hong Kong
G4S SECURITY SYSTEMS (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
GREAT STEP INVESTMENT LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
VICTORY STEP GROUP LTD	Hong Kong	75.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
G4S TECHNOLOGY (HONG KONG) LTD	Hong Kong	100.0%		1/F, Securicor Centre, 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong
HILL & ASSOCIATES LTD	Hong Kong	100.0%		Suite 1701-08, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
G4S BIZTONSÁGTECHIKAI ZRT	Hungary	100.0%		Harrer Pál u. 3., 1033 Budapest, Hungary
G4S KÉSZPÉNZLOGISZTIKAI KFT	Hungary	100.0%		Rozsnyai u. 21-25, 1139 Budapest, Hungary
G4S BIZTONSÁGI SZOLGÁLTATÁSOK ZRT	Hungary	100.0%		Polgár u. 8-10, 1033 Budapest, Hungary
G4S HOLDING KFT	Hungary	100.0%		Polgár u. 8-10, 1033 Budapest, Hungary
G4S CENTRAL MONITORING SERVICES (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India
G4S SECURE SOLUTIONS (INDIA) PVT. LTD	India	49.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India

43. Details of Related Undertakings of G4S plc *continued***Subsidiaries** *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
INDO-BRITISH GARMENTS (P) LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S CASH SOLUTIONS (INDIA) PVT LTD	India	100.0%	18.50%	C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S FLEET MANAGEMENT SERVICES (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S PRODUCTS (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S SECURITY SYSTEMS (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
MONITRON SECURITY (P) LTD	India	100.0%		Shawnawaz Building, Near Kamani, Kale Marg, Bail Bazar, Kurla West, 400070 Mumbai, India
G4S CORPORATE SERVICES (INDIA) PVT. LTD.	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
FIRST SELECT (P) LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S FACILITY SERVICES (INDIA) PVT. LTD	India	100.0%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S IT SERVICES (INDIA) PVT. LTD	India	100.0%	99.40%	C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
G4S METER READING SERVICES INDIA PVT. LTD	India	51.6%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
PROTEX SECURITY SERVICES (AP) PVT. LTD	India	48.9%		Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India
INVESTIGATION AND SECURITY SERVICES (INDIA) PVT. LTD	India	46.7%		Plot No. 43, Road No. 14, Banjara Hills, 500034 Hyderabad, India
MONITRON SUPPORT SERVICES PVT. LTD	India	49.5%		C-16, Community Centre, Janakpuri, Behind Janak Cinema, I 10058 New Delhi, India
HILL & ASSOCIATES (INDIA) PVT. LTD	India	100.0%		Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, I22002 DLF Phase II, Gurgaon, Haryana, India
HILL & ASSOCIATES RISK CONSULTANCY PVT. LTD	India	100.0%		Upper Ground Floor, Tower B, Building No. 10, DLF Cyber City, I22002 DLF Phase II, Gurgaon, Haryana, India
PT G4S SECURITY SERVICES	Indonesia	97.0%		The Security Center- Unit 407, Cilandak Commercial Estate KKO, I2560 Jakarta, Indonesia
PT G4S CASH SERVICES	Indonesia	83.9%		Jl. Ciputat Raya No. 18, Pondok Pinang, Kebayoran Lama, I2310 Jakarta, Indonesia
PT CASINTRANS PERDANA	Indonesia	100.0%		Menara Jamsostek Fl.22, Jl. Jend. Gatot Subroto No. 38, Kuningan Barat, Jakarta Selatan, Indonesia
PT G4S EURONET (INDONESIA)	Indonesia	53.0%		The Security Center- Unit 407, Cilandak Commercial Estate KKO, I2560 Jakarta, Indonesia
PT HILL KONSULTAN INDONESIA	Indonesia	99.0%		Gedung Setiabudi 2 Lt.3A Suite 3A-01 Jl. H.R. Rasuna, Said Kav.62, I2920 Jakarta, Indonesia
PT G4S SECURITY SOLUTION SERVICES	Indonesia	100.0%		The Security Center- Unit 407, Cilandak Commercial Estate KKO, I2560 Jakarta, Indonesia
PT ARGENTA ADHILOKA PRATAMA	Indonesia	51.0%		Jl. Administrasi Negara 1A No. 30, Bendungan Hilir, Tanah Abang, I0210 Jakarta, Indonesia
GROUP LTD 4 SECURICOR GLOBAL RISKS LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SECURE SOLUTIONS (IRE) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SUPPORT SERVICES (IRELAND) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S HOLDINGS (IRELAND) LTD	Ireland	100.0%		Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland
G4S CASH SOLUTIONS IRELAND LTD	Ireland	100.0%		Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland
G4S MONITORING (IRE) LTD	Ireland	100.0%		Bluebell Industrial Estate, Bluebell Ave, Dublin 12, Ireland
A1 SECURITY TECHNOLOGIES LTD	Ireland	100.0%		Regency House, Old Kilmainham, 8 Dublin, Ireland
G4S FACILITIES MANAGEMENT (IRE) LTD	Ireland	100.0%		Unit 5 Calmount Business Park, Ballymount, Dublin 12, Ireland
ALARM MONITORING SERVICES LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S FIRE SYSTEMS (IRE) LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S FINANCE (IRELAND) LTD	Ireland	100.0%	100.00%	2013 Orchard Place, City West, Dublin 24, Ireland
GDJS SECURITY LTD	Ireland	100.0%		2013 Orchard Place, City West, Dublin 24, Ireland
G4S SECURE SOLUTIONS (ISLE OF MAN) LTD	Isle of Man	100.0%		Isle of Man Business Pk, Isle of Man IM2 2SE
G4S SECURE SOLUTIONS (ISRAEL) LTD	Israel	91.9%		14 Scacham St., Petach Tikva, Israel
G4S SECURITY CONSULTANCY (ISREAL) LTD	Israel	91.9%		14 Scacham St., Petach Tikva, Israel
G4S SAFETY SOLUTIONS (ISREAL) LTD	Israel	91.9%		14 Scacham St., Petach Tikva, Israel
G4S SECURITY TECHNOLOGIES (ISREAL) LTD	Israel	91.9%		10 Scacham St., Petach Tikva, Israel
G4S MANPOWER SERVICES (ISREAL) LTD	Israel	91.9%		14 Scacham St., Petach Tikva, Israel

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S COMPUTERIZED SYSTEMS (HOTELO-ISREAL) LTD	Israel	91.9%		2 Hashiloach, Petach Tikva, Israel
MOKED EMUN SURVEILLANCE & CONTROL (1995) LTD	Israel	64.3%		Maskit – Merkazim Building, 46120 Herzelia, Israel
G4S SECURITY TECHNOLOGIES (ELIAT-ISRAEL) LTD.	Israel	91.9%		9 Hatocha st., 88000 Eliat, Israel
G4S ISRAEL PPP LTD	Israel	100.0%		14 Scacham St., Petach Tikva, Israel
POLICITY LTD	Israel	46.0%		1a Ha'Yarden St. Air Port City, Lod, Israel
G4S INTERNATIONAL LOGISTICS (ISRAEL) LTD	Israel	100.0%		111, Arlozorov Street, Tel Aviv-Yafo, Israel, 6209809
WACKENHUT SA	Ivory Coast	97.5%		20 B.P, 845 Abidjan 20, Ivory Coast
G4S SECURE SOLUTIONS (CI) SA	Ivory Coast	98.0%		3 Boulevard Valerie Giscard d'Estaing, 01 BP 6065 ABJ 01 Abidjan, Ivory Coast
ARMORGROUP COTE D'IVOIRE SA	Ivory Coast	100.0%		Rue B31, Lot 29, Cocody danga Nord Abidjan, 20 BP 845 Abidjan 20 Abidjan, Ivory Coast
G4S JAMAICA LTD	Jamaica	100.0%		6-8 East Avenue, 5 Kingston W.I., Jamaica
G4S SECURE SOLUTIONS JAPAN KK	Japan	100.0%		202, Musashino Hills, 2299-4 Fussa, Fussa-shi, 1970011 Fussa-shi, Japan
HILL & ASSOCIATES (JAPAN) KK	Japan	100.0%		2-2-15, #403, Minami-Aoyama, Minato-ku, 107-0062 Tokyo, Japan
G4S HOLDINGS INDIA LTD	Jersey	100.0%		Third Floor; 37 Esplanade, JE2 3QA St Helier, Jersey
G4S SECURE SOLUTIONS (JERSEY) LTD	Jersey	100.0%		The Security Centre Rue des Pres Trading Estate, JE2 7QP St Saviour, Jersey
G4S INTERNATIONAL EMPLOYMENT SERVICES LTD	Jersey	100.0%		The Old Chapel, Sacre Coeur, Rouge Bouillon St Helier, Jersey, JE2 3ZA
LUCAS CAPITAL (JERSEY) LTD	Jersey	100.0%	100.00%	Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey
G4S SECURE SOLUTIONS INTERNATIONAL INC (JORDAN) LTD.	Jordan	50.0%		# 12, Mithqal El Fayez St., Third Circle, Jebel, P.O. Box 831358, 11183 Amman, Jordan
INTERNATIONAL BRITISH GARMENTS LLC	Jordan	100.0%		P.O. Box 96, Al Bulay, Q.I.Z. # 13136, Al Zarqa, Jordan
G4S SECURE SOLUTIONS INT. (JORDAN) FOR INTEGRATED SOLUTIONS	Jordan	60.0%		Roxy Al Ozaizi Street – Dana Center 2, 11183 Amman, Jordan
FALCON CONSULT LLP	Kazakhstan	60.0%		Block B-VIP, 155 Tazhibayeva Street, 050060 Almaty, Kazakhstan
SPECIALIST-CONSULTANT LLP	Kazakhstan	60.0%		68/74 Abay Street ave., Almaty, 050008, Kazakhstan
KAZSECUR LLP	Kazakhstan	60.0%		68/74 Abay Street ave., Almaty, 050008, Kazakhstan
GROUP 4 SECURICOR KAZAKHSTAN LLP	Kazakhstan	60.0%		68/74 Abay Street ave., Almaty, 050008, Kazakhstan
KE I LLP	Kazakhstan	60.0%		Block B-VIP, 155 Tazhibayeva Street, 050060 Almaty, Kazakhstan
GROUP 4 CASH SERVICES LLP	Kazakhstan	60.0%		Block B-VIP, 155 Tazhibayeva Street, 050060 Almaty, Kazakhstan
VERNAL LTD. LLP	Kazakhstan	60.0%		68/74 Abay Street ave., Almaty, 050008, Kazakhstan
G4S SPECIALISED TRAINING CENTRE LLP	Kazakhstan	100.0%		68/74 Abay Street ave., Almaty, 050008, Kazakhstan
G4S KENYA LTD	Kenya	100.0%		Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya
G4S FIRE SERVICES (KENYA) LTD	Kenya	100.0%		Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya
ARMORGROUP KENYA LTD	Kenya	100.0%		Plot No. LR 209/368/10, Armor House, Lenana Road, P.O. Box 2714 Nairobi, Kenya
G4S SECURE DATA SOLUTIONS (KENYA) LTD	Kenya	60.0%		Witu Rd off Lusaka Rd, P O Box 30242, GPO 00100 Nairobi, Kenya
AS G4S LATVIA	Latvia	100.0%		Stigu Str 10, LV-1021, Riga, Latvia
AS G4S CASH SERVICES LATVIA	Latvia	100.0%		Stigu Str 10, LV-1021, Riga, Latvia
GROUP 4 SECURITY SERVICES LEBANON SAL	Lebanon	50.6%	50.60%	Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon
G4S SECURITY SYSTEMS LEBANON SAL	Lebanon	50.7%		Saliba Building Awkar Dbayeh, 70-461, Antelias Beirut, Lebanon
G4S SECURE SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100.0%		Christie House, Orpen Road, Maseru, Lesotho
G4S CASH SOLUTIONS LESOTHO (PTY) LTD	Lesotho	100.0%		397 Hilton Hill Road, Maseru, Lesotho
UAB G4S LIETUVA	Lithuania	100.0%		JJasinskio 16C, LT-01112 Vilnius, Lithuania
G4S SECURITY SOLUTIONS S.A.R.L.	Luxembourg	100.0%		14 Rue du Père Raphaël – P.O. Box 1513, L-1015 Luxembourg
G4S GENERAL SERVICES SA	Luxembourg	100.0%		14 Rue du Père Raphaël – P.O. Box 1513
G4S FINANCE (LUXEMBOURG) SARL	Luxembourg	100.0%	100.00%	14 Rue du Père Raphaël – P.O. Box 1513
G4S (MACAU – HOLDING) LTD	Macau	100.0%		Avenida Venceslau de Moraes, 185-191, 1 Andar A, Macau
G4S SECURE SOLUTIONS (MACAU) LTD	Macau	100.0%		Avenida Venceslau de Moraes, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL SECURITY SERVICES LTDA.	Macau	100.0%		Avenida Venceslau de Moraes, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL PROPERTY MANAGEMENT SERVICES LTD	Macau	100.0%		Avenida Venceslau de Moraes, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau
GREAT WALL HOLDINGS LTD	Macau	100.0%		Avenida Venceslau de Moraes, 157, BL 2.2, Edificio Centro Ind. Keck Seng, Fase II, 2 Andar H, Macau

43. Details of Related Undertakings of G4S plc *continued*Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S MADAGASCAR SOLUTIONS DE SECURITE SARL	Madagascar	100.0%		Lot II, 161 HC Ambohijatovo Ivandry Immeuble Millenium, 10101 101 Antananarivo Renivohitra C.U., Madagascar
G4S SECURE SOLUTIONS (MALAWI) LTD	Malawi	99.7%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S PREMIER GUARDING SERVICES (MALAWI) LTD	Malawi	100.0%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S PREMIER ALARM MONITORING AND RESPONSE SERVICES (MALAWI) LTD	Malawi	100.0%		Chirimba Industrial Area, P O Box 720, Blantyre, Malawi
G4S MALAYSIA SDN. BHD.	Malaysia	60.0%		25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia
ALMO SYSTEMS SDN BHD	Malaysia	49.0%		25-2, Jalan PjU 1/42A, Dataran Prima, 47301 Petaling Jaya, Malaysia
GROUP 4 FALCK CMS SDN BHD	Malaysia	49.0%		Suite 226, 1st floor, FAS Business Avenue, No.1, Jalan Perbandaran, 47301 Petaling Jaya, Malaysia
SAFEGUARDS G4S SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SECURICOR (MALAYSIA) SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S (SABAH) SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S (SARAWAK) SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
SAFEGUARDS G4S SECURITY SYSTEMS SDN BHD	Malaysia	49.0%		No 1 & 1A, 2nd Floor (Room 2), Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia
GWENKENS SECURITY SERVICES SDN BHD	Malaysia	45.9%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
G4S MANAGEMENT SERVICES (ASIA PACIFIC) SDN BHD	Malaysia	100.0%		1st Floor; Lot 6, Jalan 225, Sec 5 1A, Petaling Jaya, 46100 Selangor, Malaysia
HILL CORPORATE SERVICES SDN BHD	Malaysia	100.0%		2nd floor; No 2-4 Jalan Manau, 50460 Kuala Lumpur, Malaysia
RISK CONSULTING (L) LTD	Malaysia	100.0%		Level 15B, Main Office Tower; Financial Park, Jalan Merdeka, 87000 Labuan, Malaysia
HILL RISK CONSULTING (MALAYSIA) SDN BHD	Malaysia	100.0%		Unit No 9-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
VIVA POWERTECH SDN. BHD.	Malaysia	100.0%		Level 21, Suite 21.10, The Gardens South Tower; Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
SAFEGUARDS G4S ACADEMY SDN BHD	Malaysia	45.9%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
GWENKENS CENTRAL MONITORING SDN BHD	Malaysia	45.9%		910 (Suite 1), Block B, Phileo Damansara 2, No 15, Jalan 16/11, Off Jalan Damansara, Petaling Jaya, 46350 Selangor Darul Ehsan, Malaysia
INDO BRITISH GARMENTS MALAYSIA SDN BHD	Malaysia	100.0%		Suite 1005, 10th Floor; Wisma Hamzah-Kwong Hing No 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia
G4S (MALI) SARL	Mali	100.0%		Hamdallaye ACI 2000, street 405 – gate 558, Bamako, Mali
G4S SECURITY SERVICES (MALTA) LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta
G4S SECURITY SERVICES LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta
G4S HOLDINGS (MALTA) LTD	Malta	100.0%		Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta
G4S SECURE SOLUTIONS (MALTA) LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta
THE GUARD AND WARDEN SERVICE HOUSE LTD	Malta	50.1%		Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta
G4S SECURITY SERVICES (MAURITANIA) SA	Mauritania	70.0%		BP 4201, Nouakchott, Tivrigh Zeina Ilot C, No. 261, Nouakchott, Mauritania
G4S HOLDINGS CHINA LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
CROSSKEYS (MAURITIUS) HOLDINGS LTD	Mauritius	100.0%		210 St James Court, Rue St Denis, Port Louis, Mauritius
HILL RISK MANAGEMENT LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
HILL & ASSOCIATES (MAURITIUS) LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
HILL RISK CONSULTING (MAURITIUS) LTD	Mauritius	100.0%		c/o Multiconsult Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius
S GRAY MANAGEMENT SERVICES LTD	Mauritius	100.0%		c/o Intercontinental Trust LTD, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius
G4S HOLDINGS MÉXICO, SA DE CV	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S SECURITY SYSTEMS S.A. DE C.V.	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S PRIVATE SECURITY SERVICES, SA DE CV	Mexico	100.0%		Barranca del Muerto #380, CP 01020 Mexico, D.F., Mexico
G4S SECURITY SERVICES CRNA GORA DOO PODGORICA	Montenegro	85.0%		Cvijetna Street no.25, Podgorica, Montenegro

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
WACKENHUT MOROCCO INC (BRANCH OFFICE)	Morocco	93.8%		24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
MAROC PROTECTION SURVEILLANCE SA	Morocco	100.0%		24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
G4S (MAROC) SA	Morocco	100.0%		24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
FIRST SELECT MOROCCO SA	Morocco	99.9%		24, Lotissement la Colline, Sidi Maarouf, Casablanca, Morocco
G4S INTERGRATED SERVICES MOROCCO SA	Morocco	100.0%		24 Lotissement la Colline, Sidi Maarouf, 20150 Casablanca, Morocco
G4S SECURE SOLUTIONS MOCAMBIQUE LIMITADA	Mozambique	87.5%		Av Kim ii sung, 853, Maputo, Mozambique
G4S ORDINANCE MANAGEMENT (MOCAMBIQUE), LIMITADA	Mozambique	90.0%		No 2085, Avenida Ahmed Sekoe Toure, Maputo, Mozambique
G FOUR S MANNED SECURITY (NAMIBIA) (PTY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
G FOUR S AVIATION SECURITY (NAMIBIA) (PTY) LTD	Namibia	100.0%		33 General Murtala Ramat, Muhammed Street, Eros, Windhoek, Namibia
G FOUR S SECURE SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
ARMED RESPONSE COMPANY (PROPRIETARY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
RESCUE 911 (PROPRIETARY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
PRO-FORCE CORPORATE SECURITY (PROPRIETARY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
G FOUR S CASH SOLUTIONS (NAMIBIA) (PTY) LTD	Namibia	100.0%		33 Omuramba Road, Eros, Windhoek, Namibia
G4S SECURITY SERVICES NEPAL (P) LTD	Nepal	99.9%		House No. 75/45, Kailash Chaur, Ward No. 2, Kathmandu Metropolitan City, Kathmandu, Nepal
FIRST SELECT NEPAL (P) LTD	Nepal	100.0%		PO. Box 20423, House # 75/45, Lazimpat, Kailash Chaur, Kathmandu, Nepal
SECURITAS PRODUCT NEPAL P.LTD	Nepal	100.0%		House No. 75/45, Kailash Chaur, Ward No. 2, Kathmandu Metropolitan City, Kathmandu, Nepal
G4S FACILITY & EMPLOYMENT SERVICES NEPAL PVT.LTD	Nepal	100.0%		House No. 75/45, Kailash Chaur, Ward No. 2, Kathmandu Metropolitan City, Kathmandu, Nepal
G4S FACILITY & EMPLOYMENT SERVICES NEPAL PVT.LTD	Nepal	100.0%		House No. 75/45, Kailash Chaur, Ward No. 2, Kathmandu Metropolitan City, Kathmandu, Nepal
G4S INTERNATIONAL (NL) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S HOLDING (B) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S INDIA HOLDINGS (NL) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S AVIATION SECURITY BV	Netherlands	100.0%		Havenmeesterweg 317, 1118 CE Luchthaven Schiphol, Netherlands
G4S SECURE MONITORING BV	Netherlands	100.0%		Tolnasingel 1, 2411 PV Bodegraven, Netherlands
G4S (CPH) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S INTERNATIONAL HOLDINGS 101 (NL) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S SECURITY SERVICES BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam, Netherlands
G4S HOLDINGS 102 (NL) B.V.	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S HOLDINGS 103 (NL) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S GROUP HOLDING (ASIA) BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam, Netherlands
G4S BEHEER BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam, Netherlands
G4S SERVICES BV	Netherlands	100.0%		Paasheuvelweg 31, 1105 BG Amsterdam, Netherlands
G4S PUBLIC SECURITY BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam, Netherlands
G4S CASH SOLUTIONS B.V.	Netherlands	100.0%		Ptolemaeuslaan 61, 3528 BR Utrecht, Netherlands
G4S CASH MANAGEMENT B.V.	Netherlands	100.0%		Ptolemaeuslaan 61, 3528 BR Utrecht, Netherlands
G4S STAMFORD INVESTMENTS BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S TRAINING & SAFETY BV	Netherlands	100.0%		Galvanistraat 89, 6716 AE Ede, Netherlands
G4S CUSTOM TRAINING BV	Netherlands	100.0%		Galvanistraat 89, 6716 AE Ede, Netherlands
ROTUS BV	Netherlands	100.0%		Galvanistraat 89, 6716 AE Ede, Netherlands
IBG EUROPE BV	Netherlands	100.0%		Hogehilweg 12, 1101 CD Amsterdam, Netherlands
G4S PERSONNEL BV	Netherlands	100.0%		Amperestraat 25, 6716 BN Ede, Netherlands
G4S ZORG & WELZIJN B.V.	Netherlands	100.0%		Tolnasingel 1, 2411 PV Bodegraven, Netherlands
G4S OVERSEAS HOLDINGS BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
G4S FIRE & SAFETY B.V.	Netherlands	100.0%		Donk 1D, 2991 LE Barendrecht, Netherlands
G4S REGIONAL MANAGEMENT (EUROPE) BV	Netherlands	100.0%		Hogehilweg 5s, 1101 CA Amsterdam, Netherlands
INZETBAAR B.V.	Netherlands	100.0%		Tolnasingel 1, 2411 PV Bodegraven, Netherlands.
G4S NEW ZEALAND LTD	New Zealand	100.0%		Level3, 2 Kalmia Street, Ellerslie, 1051, New Zealand
G4S SECURE SOLUTIONS, SOCIEDAD ANÓNIMA	Nicaragua	51.0%		Repata Belmonte, Dr: Hospital Velez Paiz, 1 Cuadra Holis Arriba, Nicaragua
OUTSOURCING SERVICES LTD	Nigeria	99.9%		Fith Floor; Octagon Towers, A-J Morinho Drive, Victoria Island, Lagos, Nigeria

43. Details of Related Undertakings of G4S plc *continued*Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
SCHC LTD	Nigeria	99.0%		1, Murtala Muhammed Drive, Ikoyi, Lagos
G4S SECURE SOLUTIONS NIGERIA LTD	Nigeria	100.0%		Mi-Bannk Office Complex, Km 14, Lekki-Epe, Expressway, Lekki, Lagos, Nigeria
G4S TRACKING SOLUTIONS LTD	Nigeria	60.0%		AIB Plaza, Off Akin Adesola Street, Victoria Island, Lagos, Nigeria
ASSETGUARD SERVICES LTD	Nigeria	100.0%		1 Murtala Mohammed Drive (Formerly Bank Road), Ikoyi, Lagos, Nigeria
ARMORGROUP (NIGERIA) LTD	Nigeria	100.0%		22 Raymond Nyoku Street, Ikoyi, Lagos, Nigeria
DEFENCE SYSTEMS (NIGERIA) LTD	Nigeria	100.0%		First Floor Right, Ablag House, 7 Anthony Village Road, Anthony Village, Lagos, Nigeria
G4S/GLOBAL RISKS NIGERIA LTD	Nigeria	100.0%		Plot 7a Acme Road, Block C, Ogba Industrial Scheme, Ikeja, Lagos, Nigeria
G4S SECURE SOLUTIONS (CNMI) INC.	Northern Mariana Islands	100.0%		PMB 384 PPP Box 1000, 96950 Saipan, Northern Mariana Islands
G4S SECURITY SOLUTIONS LLC	Oman	49.0%		P.O. Box 1625, 112, Ruwi Muscat, Oman
G4S SERVICES LLC	Oman	49.0%		P.O. Box 1625, 112 Muscat, Oman
HILL & ASSOCIATES PAKISTAN (PVT.) LTD	Pakistan	100.0%		B-61, KDA Scheme 01, 7550 Karachi, Pakistan
FIRST SELECT PAKISTAN (PVT) LTD	Pakistan	51.0%		H.No. 7-B, Street No. 8, F-7/3, Islamabad, Pakistan
INVERSIONES SETESCA	Panama	100.0%		Calle 41, 2-40 Bella Vista, Panama
SEGURIDAD TECNICA SA	Panama	44.0%		Calle 41, 2-40 Bella Vista, Panama
TELEMETRIA Y ALARMA SA	Panama	17.6%		Calle 41, 2-40 Bella Vista, Panama
DETECTA SA	Panama	44.0%		Calle 41, 2-40 Bella Vista, Panama
LIMPIE SA	Panama	44.0%		Calle 41, 2-40 Bella Vista, Panama
G4S S.A.	Panama	100.0%		Marbella, Ave. Aquilino de la Guardia Ocean Business Plaza, Piso 17-1704, Panama City, Panama
METERS CORP.	Panama	100.0%		Calle 41, 2-40 Bella Vista, Panama
G4S SECURE SOLUTIONS (PNG) LTD	Papua New Guinea	100.0%		Section 61, Allotment 13, Morata Street, Gordons, National Capital District, Papua New Guinea
MONT BLANC LIMITED	Papua New Guinea	100.0%		C/ Sinton Spence Chartered Accountants 2nd Floor Brian Bell Plaza Turmu St. Boroko, Boroko, Papua New Guinea
WACKENHUT PARAGUAY SA	Paraguay	80.0%		Nery Quevedo 315 Esq. Hipolito Garron, Asuncion, Paraguay
G4S PERU SAC	Peru	99.9%		Av. El Sol 916, Urbanización La Campiña, Chorrillos, Lima, Peru
G4S L&T PERU S.A.C	Peru	99.9%		Av. El Sol N° 906, Distrito de Chorrillos, Provincia Y Departamento De Lima, Peru
G4S HOLDING, INC.	Philippines	70.3%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
G4S SECURITY SYSTEMS, INC.	Philippines	70.2%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
PERSONAL SECURITY SYSTEMS INC.	Philippines	100.0%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
CATENA SECURITY INC.	Philippines	93.7%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
VALLUM SECURITY SERVICES CORP.	Philippines	100.0%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
G4S SECURITY TRAINING INC.	Philippines	28.1%		Metro Manila, Philippines C/O Unit 201 Conservatory Bldg, 605 Shaw Blvd., Mandaluyong City, Philippines
ATTINA SECURITY SERVICES, INC.	Philippines	100.0%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
HILL & ASSOCIATE RISK CONSULTING PHILS., INC.	Philippines	100.0%		Unit 505, Pse Tower One & Exchange Plaza, 6767 Ayala Avenue, 1226 Makati City, Philippines
ACCURIA EXECUTIVE PROTECTION & DETECTIVE SERVICES INC.	Philippines	100.0%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
G4S CASH SOLUTIONS PHILLIPINES INC.	Philippines	46.2%		100 E. Rodriguez Avenue, Ugong Norte, 1552 Quezon City, Philippines
GLOBAL SECURITY SOLUTIONS INC.	Philippines	50.0%		Unit 201 Conservatory Building, 1552 Mandaluyong City, Philippines
CYNEWARD SECURITY CORP.	Philippines	100.0%		G4S House, 142 Pasig Blvd., Bagong Ilog, 1600 Pasig City, Philippines
G4S SECURE SOLUTIONS (PUERTO RICO) INC.	Puerto Rico	100.0%		Carretera #1 Plaza Bairoa, Suite 211, Caguas, Puerto Rico
G4S SECURE SOLUTIONS SRL	Romania	100.0%		15 Charles de Gaulle Sqaure, 12th floor, District 1, Bucharest, Romania
G4S CASH SOLUTIONS SRL	Romania	100.0%		15 Charles de Gaulle Sqaure, 12th floor, District 1, Bucharest, Romania
G4S FIRE & SAFETY S.R.L.	Romania	100.0%		15 Charles de Gaulle Sqaure, 12th floor, District 1, Bucharest, Romania
LIMITED LIABILITY COMPANY PRIVATE SECURITY ENTITY GROUP 4 SECURITAS RENAMED LLC PSE GSN	Russia	100.0%		UKhtomski Pereulok, 4, 111020 Moscow, Russia
G4S SECURITY SERVICES – SAINT.PETERSBURG LLC	Russia	95.0%		8 Rizhky Prospekt, 190103 St. Petersburg, Russia
CJSC PSE G4S SECURITY SERVICES – SAKHALIN	Russia	75.0%		36 Dzerzhinskogo, 693000 Yuzhno Sakhalinsk, Russia

Subsidiaries continued

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
LLC G4S TECHNICAL SOLUTIONS – SAKHALIN	Russia	75.0%		62A Amurskaya Str, Office 103, 693000 Yuzhno-Sakhalinsk, Russia
GROUP 4 FALCK LLC	Russia	100.0%		Build. 1, 9 Malaya Semenovskaya Street, 107023 Moscow, Russia
LIMITED LIABILITY COMPANY WACKENHUT SERVICES	Russia	100.0%		8/3 Grokholsky side-street, Building 1, 129010 Moscow, Russia
LLC G4S CENTRE	Russia	100.0%		UKhtomski Pereulok, 4, 111020 Moscow, Russia
LLC G4S INTERGRATED SYSTEMS	Russia	100.0%		Building 1, 4 Ukhtomsky Pereulok, Moscow 111020, Russia
LLC ARMORGROUP HUMANITARIAN OPERATIONS	Russia	100.0%		Office 225, 32, Kommunistichesky Prospekt, Yuzhno-Sakhalinsk, 693000, Russia
LLC PSE G4S NORTH	Russia	100.0%		Office 1H, 96 Voronezhskaya Str; 192007, St Petersburg, Russia
LLC PSE G4S VOSTOK	Russia	100.0%		Office 225, 32, Kommunistichesky Prospekt, Yuzhno-Sakhalinsk, 693000, Russia
LLC PSE ARMORGROUP YUG	Russia	100.0%		138 Kirova Str; 360002, Krasnodar, Russia
G4S EURASIA LLC	Russia	100.0%		Building 1, 4 Ukhtomsky Pereulok, 111020 Moscow, Russia
PRIVATE DETECTIVE ENTITY G4S INVESTIGATIONS LLC	Russia	100.0%		Pistsovaya Street 12, Building 1, 127015 Moscow, Russia
LLC PRIVATE DETECTIVE ENTITY ARMORGROUP INVESTIGATIONS	Russia	100.0%		Office 225, 32, Kommunistichesky Prospekt, Yuzhno-Sakhalinsk, 693000, Russia
ARMORGROUP KHABAROVSK LLC PSC	Russia	100.0%		Office B2-6, 210 Prospekt 60, 680009, Let Oktyabrya, Khabarovsk, Russia
G4S RWANDA LTD	Rwanda	99.0%		5698 Nyarutarama, P.O. Box 7230, Kigali, Rwanda
G4S SECURE SOLUTIONS (ST.LUCIA) LTD	Saint Lucia	51.0%		P.O. Box CP 6098 Conway Post Office, Castries, Saint Lucia
AL MAJAL GROUP 4S FOR SECURITY AND SAFETY LIMITED LIABILITY COMPANY	Saudi Arabia	49.0%		P.O. Box 31049, 21497 Jeddah, Saudi Arabia
AL MAJAL SERVICE MASTER LLC	Saudi Arabia	49.0%		Post Code 6930, 21452 Jeddah, Saudi Arabia
MOHAMMED BIN ABDOUD AL AMOUDI CO FOR CIVILIAN SECURITY SERVICES PARTNERSHIP (ALMAJAL)	Saudi Arabia	0.0%		P.O. Box 2779, 21461 Jeddah, Saudi Arabia
G4S SECURE SOLUTIONS D.O.O.	Serbia	85.0%		Kumodraska Street no 240, Belgrade, Serbia
G4S SECURE SOLUTIONS (SL) LTD	Sierra Leone	100.0%		117 Jomo Kenyatta Road, P.O. Box 816, Freetown, Sierra Leone
GROUP 4 SECURICOR (S) PTE. LTD.	Singapore	100.0%		8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore
G4S SECURITY SYSTEMS (S) PTE. LTD.	Singapore	100.0%		8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore
G4S SECURE SOLUTIONS (SINGAPORE) PTE. LTD.	Singapore	100.0%	25.30%	8 Commonwealth Lane, #04-04 (Annex), 149555 Singapore
G4S INTERNATIONAL LOGISTICS (SINGAPORE) PTE LIMITED	Singapore	100.0%		158 Cecil Street, 069 545 #11-01 Singapore,
HILL & ASSOCIATES RISK CONSULTING (SINGAPORE) PTE LTD	Singapore	100.0%		51 Cuppage Road, #10-18, 229469, Singapore
G4S SECURITY SYSTEMS (SK) S.R.O.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S SECURE SOLUTIONS (SK), A.S.	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S FIRE SERVICES (SK), S.R.O	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S TECHNOLOGY SOLUTIONS (SK), S.R.O	Slovak Republic	100.0%		Visnova 16, 831 01 Bratislava, Slovak Republic
G4S DRUZBA ZA VAROVANJE D.O.O. (G4S D.O.O.)	Slovenia	96.2%		Stegne 21, 1000 Ljubljana, Slovenia
GROUP 4 FALCK (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURITY SERVICES (AFRICA) (PROPRIETARY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURE SOLUTIONS (SA) (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S AVIATION SECURITY (SA) (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S INTEGRITY ASSESSMENT (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa,
G4S INTERNATIONAL LOGISTICS (SOUTH AFRICA) PTY.	South Africa	100.0%		Unit 31, First Floor Waterford Office Park, Corner Witkoppen & Waterford Road, Fourways 1610, South Africa
GRAY SECURITY SERVICES (SA) (PROPRIETARY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S CASH SOLUTIONS (SA) (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S INSURANCE (SA) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
ELWIERDA (GAUTENG) (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
CMS MICRO FINANCE (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S EMPOWERMENT VENTURES (SA) (PTY) LTD	South Africa	48.4%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S CARE AND JUSTICE SERVICES (SOUTH AFRICA) (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa

43. Details of Related Undertakings of G4S plc *continued*Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S CORRECTION SERVICES (BLOEMFONTEIN) (PTY) LTD	South Africa	81.0%		G4S Gables Building, 1209 Francis Baard Street, Hatfield, 0083 Pretoria, South Africa
GSL REBOUND (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
SKYCOM (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
ACCESS AND BEYOND (PTY) LTD	South Africa	72.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
INTEGRATED SKY FORCE SOLUTIONS (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa, 0157 Centurion
INDO BRITISH GARMENTS PVT. LIMITED, EXTERNAL PROFIT	South Africa	100.0%		SORENTO SUITE, 5 DE HAVILAND CRESCENT, ILL VILLAGGIO PERSEQUOR Pretoria, Gauteng, South Africa
INVESTMENT SURVEYS (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S DEPOSITA (RF) (PTY) LTD	South Africa	68.2%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S ATM ENGINEERING (SA)	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
INTEGRA (PTY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
THETHA TECHNOLOGIES (PTY) LTD	South Africa	74.9%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S AFRICA (PROPRIETARY) LTD	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURE SOLUTIONS	South Africa	100.0%		Byls Bridge Office Park, Building 11, 13 Candela Street, Highveld Ext 73, 0157 Centurion, South Africa
G4S SECURE SOLUTIONS (KOREA) LTD	South Korea	100.0%		13th Floor ILJIN Building, 50-1 Dohwa-dong, 121-716 Mapo-gu Seoul, South Korea
G4S SECURITY SERVICES (PRIVATE) LTD.	Sri Lanka	60.0%		21 Vauxhall Street, 2 Colombo, Sri Lanka
ARMORGROUP SUDANESE CO LTD	Sudan	100.0%		8 Mek Nimer Street, P.O. Box 47, Khartoum, Sudan
ARMORGROUP LIMITED (SUDAN)	Sudan	100.0%		In process of confirming whether exists
GROUP 4 SYRIA LIMITED LIABILITY COMPANY	Syria	29.4%		Al-Aasar Building, near the Central Post office, Sinjickdar, Damascus, Syria
G4S SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan
G4S ATM SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-2, No. 266, sec 1, wun hua 2nd road, Linko Distt, 24448 Taipei City, Taiwan,
G4S PROPERTY MANAGEMENT LTD	Taiwan	100.0%		20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan
G4S SECUREWELL SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan
G4S WEI FUNG SECURE SOLUTIONS (TAIWAN) LTD	Taiwan	100.0%		20F-2, No. 266, sec 1, wun hua 2nd road, Linko Distt, 24448 Taipei City, Taiwan
G4S SYSTEM ENGINEERING CORPORATION	Taiwan	85.0%		6F, No.320, Sec. 1, Neihsu Rd., Neihsu Dist., Taipei City 11493, Taiwan (R.O.C), 22101 Taipei, Taiwan
HILL & ASSOCIATES (TAIWAN) LTD	Taiwan	100.0%		20F-1, No. 266, Sec 1, Wenhua 2nd Road, Linkou Dist, 24448 New Taipei City, Taiwan
G4S SECURITY SYSTEMS CO. LTD	Taiwan	85.0%		16th Floor, Suite 1, No. 266, Sec. 1, Wen-Hwa 2nd Road, Linko Hsiang, Taipei, Taiwan, 22101 Taipei, Taiwan
G4S SECURE SOLUTIONS (TZ) LTD	Tanzania	100.0%		Plot no. 57, Uporoto Street, Ursino Estate, P.O. Box 5555, Dar Es Salaam, Tanzania
ARMORGROUP TANZANIA LTD	Tanzania	100.0%		TDFL, 3rd Floor (Opposite Sheraton Hotel), Dar-es-Salaam, Tanzania
G4S (THAILAND) LTD	Thailand	99.5%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S SECURE SOLUTIONS (THAILAND) LTD	Thailand	99.5%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S HOLDINGS (THAILAND) LTD	Thailand	99.9%		96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkokhen, Laksi, 10210 Bangkok, Thailand
G4S CASH SOLUTIONS (THAILAND) LTD	Thailand	49%		96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkokhen, Laksi, 10210 Bangkok, Thailand
INTER-ASIAN ENTERPRISES (IAE) COMPANY LTD	Thailand	99.9%		96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkokhen, Laksi, 10210 Bangkok, Thailand
G4S INTERNATIONAL LOGISTICS HOLDING (THAILAND) LTD	Thailand	48.9%		45/1 Silom 19 Building, 2nd Floor; Soi Silom 19, Silom Road, Silom, 10500 Bangrak, Bangkok, Thailand
G4S INTERNATIONAL LOGISTICS (THAILAND) LTD	Thailand	73.9%		45/1 Silom 19 Building, 2nd Floor; Soi Silom 19, Silom Road, Silom, 10500 Bangrak, Bangkok, Thailand
ASIAN HOLDING INTERNATIONAL COMPANY LTD	Thailand	97.8%		96 Moo 3, Vibhavadee – Rangsit Road, Talad Bangkokhen, Laksi, 10210 Bangkok, Thailand
GUARDIAN ALARMS COMPANY LTD.	Thailand	99.7%		43/55 Moo 5, Wiset Rd., Rawai Sub District, Muang District, Phuket Province, Thailand
HILL RISK CONSULTING (THAILAND) LTD	Thailand	49.0%		139 Sethiwan Tower, 6th Floor; Room C, Pan Road, Silom, Bangrak, 10500 Bangkok, Thailand

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S HOLDINGS 4 (THAILAND)	Thailand	48.9%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S HOLDINGS 3 (THAILAND) LTD	Thailand	48.9%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S HOLDINGS 2 (THAILAND) LTD	Thailand	48.9%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S HOLDINGS 1 (THAILAND) LTD	Thailand	48.9%		2922/205-206 Charn Issara Tower II, 11th Floor; New Petchburi Road, Bangkok, Huaykwang, 10310 Bangkok, Thailand
G4S TRINIDAD LTD	Trinidad & Tobago	100.0%		19 Picton Street, Newtown, Port of Spain
G4S HOLDINGS (TRINIDAD) LTD	Trinidad & Tobago	51.0%		Trinidad & Tobago, 61-63 Edward Street, Port of Spain
G4S SECURE SOLUTIONS (TRINIDAD) LTD	Trinidad & Tobago	51.0%		61-63 Edward Street, Port of Spain
G4S GÜVENLİK HİZMETLERİ ANONİM ŞİRKETİ	Turkey	100.0%		Ayazaga Mah. Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer; Istanbul, Turkey
G4S ELEKTRONİK SİSTEMLERİ ANONİM ŞİRKETİ	Turkey	100.0%		Ayazaga Mah. Ataturk Cad Mezarlik Sok No 1 Ayazaga, Sariyer; Istanbul, Turkey
G4S SECURE SOLUTIONS (UGANDA) LTD	Uganda	99.9%		Plot 6, Nakasero Road, Kampala, Uganda
ALARM PROTECTION SERVICES LTD	Uganda	100.0%		Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda
US DEFENSE SYSTEMS LLC (UGANDA)	Uganda	100.0%		Plot 53 Lumumba Avenue, Nakasero, Kampala, Uganda
GROUP 4 SECURITAS LLC	Ukraine	99.4%		21A Moskovskij ave, 02073 Kiev, Ukraine
G4S SECURE SOLUTIONS (UKRAINE) LTD	Ukraine	100.0%		21A Moskovskij ave, 02073 Kiev, Ukraine
G4S SECURITY SOLUTIONS (UKRAINE) LTD	Ukraine	100.0%		21A Moskovskij ave, 02073 Kiev, Ukraine
G4S SECURE SOLUTIONS LLC	United Arab Emirates	49.0%		Chain Tower (Oriental Travel Building), First Floor; Muroor Street, PO. Box 31859 Abu Dhabi, United Arab Emirates
GROUP 4 FALCK SERVICES LLC	United Arab Emirates	49.0%		P.O. Box 32634, Dubai, United Arab Emirates
G4S CASH SERVICES LLC	United Arab Emirates	49.0%		P.O. Box 113400, Rshadiya Dubai, United Arab Emirates
GROUP 4 SECURICOR INFORMATION TECHNOLOGY UAE LLC (G4S)	United Arab Emirates	48.5%		P.O. Box 32634, Dubai, United Arab Emirates
GROUP 4 SECURICOR FACILITY SERVICES LLC (G4S)	United Arab Emirates	48.5%		P.O. Box 32634, Dubai, United Arab Emirates
SHAMS AGRICULTURAL SERVICES LLC (G4S)	United Arab Emirates	48.5%		P.O. Box 32634, Dubai, United Arab Emirates
FIRST SELECT UAE LLC	United Arab Emirates	48.5%		P.O. Box 32634, Dubai, United Arab Emirates
G4S ALARM MONITORING SERVICES LLC	United Arab Emirates	24.5%		P.O. Box 31859, Abu Dhabi, United Arab Emirates
FIRST SELECT INTERNATIONAL LLC	United Arab Emirates	48.5%		65610, 65610 Dubai
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) FZE	United Arab Emirates	100.0%		Unit 1-05, Street W B 4, Airport Free Zone, 54907, UAE, United Arab Emirates
G4S EVENTS SERVICES UAE LLC	United Arab Emirates	48.5%		Dubai, 215634, United Arab Emirates
FALCON TRAVEL LLC	United Arab Emirates	49.0%		Khanim Abdullah Salem Almazroui Bldg., Building No. 5695, Shop No. 6, Behind Al Muhairi Center; Darathul Mia, Khalidiya, Abu Dhabi, United Arab Emirates
G4S INTERNATIONAL MARITIME SOLUTIONS JLT	United Arab Emirates	100.0%		Units # 3007 & 3008, Liwa Heights, Plot # W3 Jumeirah Lakes Towers, Dubai, United Arab Emirates
G4S INTERNATIONAL LOGISTICS (MIDDLE EAST) DMCC	United Arab Emirates	100.0%		Unit No. Al Mas 2 – D14, Al Mas Tower; Plot No. LT2, Jumeirah Lake Tower Dubai, United Arab Emirates
G4S UK HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S HOLDINGS 3 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S TECHNOLOGY LTD	United Kingdom	100.0%		Challenge House, International Drive, GL20 8UQ Tewkesbury, Gloucestershire, United Kingdom
AMAG TECHNOLOGY LTD	United Kingdom	100.0%		Challenge House, International Drive, GL20 8UQ Tewkesbury, Gloucestershire, United Kingdom
G4S SECURITY SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
GROUP 4 LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S 084 (UK) LTD	United Kingdom	100.0%	99.80%	Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S HOLDINGS 38 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S GLOBAL HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom

43. Details of Related Undertakings of G4S plc *continued***Subsidiaries** *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S HOLDINGS 102 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
SECURICOR LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S GROUP HOLDINGS 104 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INTERNATIONAL 105 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S AMERICAS (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S AVIATION SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S AVIATION (FRANCE) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INTERNATIONAL LOGISTICS (UK) LTD	United Kingdom	100.0%		11th Floor; Princess House, Thames Tower, 1 Suffolk Lane, EC4R 0AX London, United Kingdom
G4S SECURE SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S CASH SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S CASH CENTRES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S CARE AND JUSTICE SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S SPV HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MP (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MANAGEMENT SERVICES 127 (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S NOMINEES LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INTERNATIONAL HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S GOVERNMENT SERVICES LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S TRUSTEES LTD*	United Kingdom	Limited by guarantee		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S MANROYAL INVESTMENTS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S FINANCE LTD	United Kingdom	100.0%	100.00%	5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
FIRST SELECT HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S EM INTERNATIONAL LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S POLICING SOLUTIONS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S GURKHA SERVICES (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Road, SM1 4LD Sutton, Surrey, United Kingdom
G4S US HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S (MARCH 2008) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S WORLDWIDE HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S DEFENCE SYSTEMS EURASIA LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S DEFENCE SYSTEMS INTERNATIONAL LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S DSL HOLDINGS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S HOLDINGS INTERNATIONAL (AG) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S HOLDINGS UK (AG) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S FINANCE MANAGEMENT (AG) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S RISK MANAGEMENT LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S SECURE SOLUTIONS (IRAQ) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S RISK CONSULTING LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S US INVESTMENTS LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S 308 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom

* pension trust not part of the consolidation

Subsidiaries *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
G4S 309 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S 182 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S REGIONAL MANAGEMENT (UK & I) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S HOLDINGS 305 (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MEDICAL SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S FACILITIES MANAGEMENT (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S OVERSEAS HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S GOVERNMENT AND OUTSOURCING SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S PRISON AND COURT SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
GSL LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S UTILITY AND OUTSOURCING SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
STRATUS INTEGRATED SERVICES LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
ACCUREAD LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S FORENSIC AND MEDICAL SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S CASH SOLUTIONS EMPLOYEES' CRIMINAL ATTACK FUND LTD	United Kingdom	Limited by guarantee		Sutton Park House, 15 Carshalton Road, SMI 4LD Sutton, Surrey, United Kingdom
SECURA MONDE INTERNATIONAL LTD	United Kingdom	100.0%		6 Kingsbrook House, Kingsclere Park, Kingsclere, RG20 4SW Newbury, Berkshire, United Kingdom
SHIREMOOR INTERNATIONAL ENGINEERING LTD	United Kingdom	100.0%		6 Kingsbrook House, Kingsclere Park, Kingsclere, RG20 4SW Newbury, Berkshire, United Kingdom
G4S ASSESSMENT SERVICES (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S CASH SERVICES (CAMBRIDGE) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S ORDNANCE MANAGEMENT LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
IBG HOLDINGS (UK) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INTERNATIONAL FINANCE PLC	United Kingdom	100.0%	100.00%	5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S CORPORATE SERVICES LTD	United Kingdom	100.0%	100.00%	5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INVESTIGATION SOLUTIONS (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MONITORING TECHNOLOGIES NO.1 LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MONITORING TECHNOLOGIES NO.2 LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MONITORING TECHNOLOGIES FRANCE LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S MONITORING TECHNOLOGIES LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S FINANCE (BRAZIL) LTD	United Kingdom	100.0%	100.00%	5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INVESTMENT LONDON (SUB) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INVESTMENT LONDON LTD	United Kingdom	100.0%	100.00%	5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S INTEGRATED SERVICES HOLDINGS LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S BULLION SOLUTIONS (UK) LTD	United Kingdom	100.0%		Sutton Park House, 15 Carshalton Park Road, SMI 4LD Sutton, United Kingdom
G4S FIRE AND SECURITY SYSTEMS LTD	United Kingdom	100.0%		Site 16 Sydenham Buisness Park Airport Road West, BT3 9LN BELFAST, United Kingdom
G4S PATIENT TRANSPORT (UK) LTD	United Kingdom	100.0%		Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
PROPERTY (VENEZUELA) LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S LOCKS & ALARMS (UK) LIMITED	United Kingdom	100.0%		Southside, 105 Victoria Street, London, SW1E 6QT, United Kingdom
G4S FINANCING LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
GLOBAL SOLUTIONS AL WATHBA LTD	United Kingdom	100.0%		5th Floor; Southside, 105 Victoria Street, SW1E 6QT London, United Kingdom
G4S HOLDING ONE INC	United States	100.0%		2711 Centerville rd, 19808 Wilmington, DE, United States
G4S SECURE SOLUTIONS (USA) INC.	United States	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States
G4S SECURE SOLUTIONS INTERNATIONAL INC.	United States	100.0%		1395 University Blvd, 33458 Jupiter, FL, United States
AMAG TECHNOLOGY INC	United States	100.0%		20701 Manhattan Place, CA 90501-1829 Torrance, United States

43. Details of Related Undertakings of G4S plc *continued***Subsidiaries** *continued*

Company Name	Country of Incorporation	% owned by group	% owned by plc	Registered address
TITANIA INSURANCE CO OF AMERICA	United States	100.0%		156 College Street, 3 rd Floor, 05401 VT, IS, United States
TWC/FL01 INC	United States	100.0%		4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States
TUHNECKCAW INC	United States	100.0%		900 Market Street, Suite 200, DA 19801 Wilmington, Delaware, United States
AMERICAN GUARD & ALERT INC	United States	100.0%		4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States
WACKENHUT U.S. PROPERTIES INC	United States	100.0%		2711 Centerville rd, 19808 Wilmington, DE, United States
WACKENHUT FOREIGN PROPERTIES INC	United States	100.0%		2711 Centerville rd, 19808 Wilmington, DE, United States
G4S INTERNATIONAL LOGISTICS (USA), INC.	United States	100.0%		JFK Cargo Center 75, International Airport, Hangar Road, Suite 210, 11430 Jamaica, New York, United States
G4S YOUTH SERVICES LLC	United States	100.0%		2000 Riveredge Parkway, Suite GL 100, GA 30328 Atlanta, Georgia, United States
VEBA TRUST	United States	100.0%		1395 University Blvd., 33458 Jupiter, United States
WACKENHUT HOMELAND SECURITY, INC.	United States	100.0%		4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States
SERVICE AND SUPPLY INTERNATIONAL, INC.	United States	100.0%		701 Brazos, Suite 1050, 78701 Austin, Texas, United States
G4S COMPLIANCE & INVESTIGATIONS, INC.	United States	100.0%		910 Paverstone Drive, 27615 Raleigh, NC, United States
G4S TECHNOLOGY HOLDINGS (USA) INC.	United States	100.0%		21 North Avenue, MA 01803 Burlington, United States
G4S TECHNOLOGY SOFTWARE SOLUTIONS LLC	United States	100.0%		21 North Avenue, MA 01803 Burlington, United States
US DEFENSE SYSTEMS LLC	United States	100.0%		2711 Centerville Road, Suite 400, Wilmington DE, United States
RONCO CONSULTING CORPORATION	United States	100.0%		1209 Orange Street, DE 19801 Wilmington, Delaware, United States
G4S US INC.	United States	100.0%		4200 Wackenhut Drive, Suite 100, FL 33410 Palm Beach Gardens, Florida, United States
G4S SECURE INTEGRATION LLC	United States	100.0%		1200 Landmark Center, Ste 1300, 68102 Omaha, NE, United States
G4S GUATEMALA HOLDING, LLC	United States	100.0%		1395 University Blvd., 33458 Jupiter, United States
G4S ELECTRONICA HOLDING, LLC	United States	100.0%		1395 University Blvd., 33458 Jupiter, United States
G4S GUATEMALA FACILITY SERVICES, LLC	United States	100.0%		1395 University Blvd., 33458 Jupiter, United States
G4S RETAIL SOLUTIONS (USA) INC	United States	100.0%		2711 Centerville rd, 19808 Wilmington, DE, United States
RENAISSANCE CENTER MANAGEMENT COMPANY	United States	90.9%		601 Abbot Rd., 48823 Lansing, United States
G4S SECURE SOLUTIONS (URUGUAY) S.A.	Uruguay	80.0%		Cufre 2320, Montevideo, Uruguay
SETECSA DE VENEZUELA CA	Venezuela	30.0%		Los Ruices Sur, Calle Milan 1013, Caracas, Venezuela, Venezuela
GROUP 4 FALCK SISTEMAS DE ALARMAS Y SEGURIDAD CA	Venezuela	87.8%		Avenida Diego Cisneros, (Principal De Los Ruices), Los Ruices, Caracas, Venezuela
ARMORGROUP INVERSIONES VENEZUELA SA	Venezuela	100.0%		Quinta Guayana, Planta Alta, Avenida Orinoco, Las Mercedes, Venezuela
ARMORGROUP VENEZUELA SA	Venezuela	100.0%		Avenida Orinoco, Centro Empresarial Rocco, Piso 3, Las Mercedes, Caracas, Venezuela
VULCANO INTEGRATED ALARM SYSTEMS SA	Venezuela	100.0%		Avenida Orinoco, Centro Empresarial Rocco, Piso 3, Las Mercedes, Caracas, Venezuela
ARMORGROUP INTEGRACION SA	Venezuela	100.0%		Quinta Guayana, Planta Alta, Avenida Orinoco, Las Mercedes, Venezuela
GLOBAL GUARDS C.A.	Venezuela	97.6%		Calle Mucuchies con California, Edificio Jimmy Piso 1, Oficina 5, Caracas, Venezuela
GROUP 4S SECURITY SERVICES YEMEN LTD	Yemen	25.0%		Off 50 Meter Road, Hadda, 11805 Sana'a, Yemen
G4S SECURE SOLUTIONS ZAMBIA LTD	Zambia	100.0%		P.O. Box 32914, 10 H Kabulonga Road, Lusaka, Zambia
SAFETECH (COPPERBELT) LTD	Zambia	100.0%		Plot 3144, Mukwa Road, Lusaka, Zambia
SAFETECH ZAMBIA LTD	Zambia	100.0%		Plot 7305, Kambala Road, Lusaka, Zambia

Holdings in other undertakings

For the entities listed below, the economic interest has been divested and such entities are not therefore included in the group's consolidated accounts.

Company Name	Registered Address	% ordinary shares owned by group
G4S INVESTMENTS LTD	3rd Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ, United Kingdom	16.78
G4S JOINT VENTURES LTD	3rd Floor, Broad Quay House, Prince Street, Bristol BS1 4DJ, United Kingdom	16.78
ACCOMMODATION SERVICES (HOLDINGS) LTD	83 salop Street, Wolverhampton, West Midlands, WV3 0SR, United Kingdom	8.39
INTEGRATED ACCOMODATION SERVICES PLC	83 salop Street, Wolverhampton, West Midlands, WV3 0SR, United Kingdom	8.39
EAST LONDON LIFT ACCOMMODATION SERVICES LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
EAST LONDON LIFT COMPANY LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
EAST LONDON LIFT INVESTMENTS LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	8.39
EAST LONDON LIFT HOLDCO NO2 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
EAST LONDON LIFT ACCOMMODATION SERVICES NO2 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
EAST LONDON LIFT HOLDCO NO4 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
EAST LONDON LIFT HOLDCO NO3 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
ELLAS NO3 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
ELLAS NO4 LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	5.03
ECD (COOKHAM WOOD) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
ECD (ONLEY) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
EDUCATION CARE AND DISCIPLINE LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
EDUCATION CARE AND DISCIPLINE THREE LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
G4S JOINT VENTURES (FAZAKERLEY) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
FAZARKERLY PRISON SERVICES LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
G4S JOINT VENTURES (ONLEY) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
ONLEY PRISON SERVICES LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
OCHRE SOLUTIONS (HOLDINGS) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	3.36
OCHRE SOLUTIONS LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	3.36
NORTH WILTSHIRE SCHOOLS LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
UK COURT SERVICES (MANCHESTER) HOLDINGS LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
UK COURT SERVICES (MANCHESTER) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
WHITE HORSE EDUCATION PARTNERSHIP LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
HULL MATERNITY DEVELOPMENT LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
HEALTHCARE PROVIDERS LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	16.78
ALBION HEALTHCARE (OXFORD) HOLDINGS LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	4.19
ALBION HEALTHCARE (OXFORD) LTD	3rd Floor, Broad Quay House, Prince Street, BS1 4DJ Bristol, United Kingdom	4.19
LIFT HEALTHCARE INVESTMENTS LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	2.85
BEXLEY BROMLEY & GREENWICH LIFT COMPANY LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BBG HOLDCO LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BBG LIFT ACCOMMODATION SERVICES LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BBG HOLDCO (NO 2) LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BBG LIFT ACCOMMODATION SERVICES (NO 2) LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71

43. Details of Related Undertakings of G4S plc *continued***Holdings in other undertakings** *continued*

Company Name	Registered Address	% ordinary shares owned by group
BHH LIFT COMPANY LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BHH HOLDCO LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
BHH LIFT ACCOMMODATION SERVICES LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
HEALTHCARE IMPROVEMENT PARTNERSHIP (WOVERHAMPTON CITY AND WALSALL) LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
WOLVERHAMPTON CITY AND WALSALL HOLDCO LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
WOLVERHAMPTON CITY AND WALSALL LIFT ACCOMMODATION SERVICES LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
WALSALL HOLDCO LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
WALSALL LIFT ACCOMMODATION SERVICES LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	1.71
LONDON LIFTCO PS LTD	Pembroke House, Aynho Road, Adderbury, OX17 3NS, United Kingdom	2.82

Associated companies

Company Name	% owned by group	Profit or loss	Registered address
G4S-SJC LLC	20	not material	1395 University Blvd., 33458 Jupiter, United States
G4S PARSONS PACIFIC LLC	20	not material	7121 Fairway Drive, Suite 301, 33418 Palm Beach Gardens, Florida, United States

Joint ventures

Company Name	Registered address	% owned by group undertakings	Factors on which joint management is based	Date of last financial year if not 31/12
PARKSEC LIMITED	Ent A, Level 1, Capital Business Centre, Triq ta-Zwejt, SGN 3000 San Gwann, Malta	50.1	Joint venture agreement	
PACIFIC BUILDING SERVICES MANAGEMENT LIMITED (JV)	Level 6, Era Rumana Building Champions Parade, 50 Port Moresby, Papua New Guinea		1 director appointed to the board	
BRIDGEND CUSTODIAL SERVICES LIMITED	1 Parc Cottages, Heol Hopcyn John, CF36 6AR Bridgend, United Kingdom	58.45	Joint venture agreement	30 September
BLOEMFONTEIN CORRECTIONAL CONTRACTS (PTY) LIMITED	G4S Gables Building, 1209 Francis Baard Street, Hatfield, 0083 Pretoria, South Africa	20	Joint venture agreement	30 September
POLICITY – OPERATOR LIMITED	14 Scacham St, Petach Tikva, Israel	50	Joint venture agreement	
FORBES G4S SOLUTIONS PVT LTD	C-16, Community Centre, Janakpuri, Behind Janak Cinema, 110058 New Delhi, India	50	Joint venture agreement	
FEDERAL GAMING CAPE (PTY) LTD	1 Waterford Mews, Century Boulevard, 7441 Century City, South Africa	34	Joint venture agreement	
GROUP 4 S SECURITY SOLUTIONS CO.WLL	P.O. Box 22063, 13081 Safat, Kuwait	50.0	Joint venture agreement	
AL MULLA SECURITY SERVICES CO WLL	P.O. Box 117, 13002 Safat, Kuwait	49	Joint venture agreement	
G4S QATAR S.P.C	Villa no. 321, Corner of Abdullaah Bin Rawaha Street, C Ring Road, P.O. Box 18592 Doha, Qatar	0	Joint venture agreement	
BUSINESS CASH CENTER S.A.	Parc Industriel de la CFCIM, lot No63, Bouskoura, Casablanca, Morocco	45.7	Joint venture agreement	

Parent company statement of changes in equity

For the year ended 31 December 2015

	Share capital £m	Share premium £m	Retained earnings £m	Hedging reserve £m	Merger reserve £m	Reserve for own shares £m	Total equity £m
At 1 January 2015 (restated) ¹	388	258	1,165	1	–	(16)	1,796
Comprehensive income:							
Profit for the year	–	–	65	–	–	–	65
Other comprehensive income:							
Change in fair value of cash flow hedging financial instruments	–	–	–	1	–	–	1
Transferred to income statement	–	–	–	(2)	–	–	(2)
Retirement benefit obligations	–	–	15	–	–	–	15
Tax on items taken directly to equity	–	–	(5)	–	–	–	(5)
Total comprehensive income/(loss)	–	–	75	(1)	–	–	74
Transactions with owners:							
Dividends paid	–	–	(145)	–	–	–	(145)
Share-based payments	–	–	7	–	–	–	7
	–	–	(138)	–	–	–	(138)
At 31 December 2015	388	258	1,102	–	–	(16)	1,732
At 1 January 2014	388	258	856	1	308	(18)	1,793
Comprehensive income:							
Loss for the year (restated) ¹	–	–	(14)	–	–	–	(14)
Other comprehensive income:							
Change in fair value of cash flow hedging financial instruments	–	–	–	8	–	–	8
Transferred to income statement	–	–	–	(8)	–	–	(8)
Retirement benefit obligations	–	–	188	–	–	–	188
Tax on items taken directly to equity	–	–	(38)	–	–	–	(38)
Total comprehensive income	–	–	136	–	–	–	136
Transactions with owners:							
Dividends paid	–	–	(138)	–	–	–	(138)
Own shares awarded	–	–	(2)	–	–	2	–
Share-based payments	–	–	5	–	–	–	5
Transfer to retained earnings	–	–	308	–	(308)	–	–
	–	–	173	–	(308)	2	(133)
At 31 December 2014 (restated)¹	388	258	1,165	1	–	(16)	1,796

1. See note (u) for an explanation of certain prior year adjustments.

Parent company statement of financial position

At 31 December 2015

	Notes	2015 £m	2014 Restated ¹ £m
ASSETS			
Non-current assets			
Intangible assets	(d)	7	9
Investments in subsidiaries	(e)	3,039	3,049
Trade and other receivables	(f)	47	53
Retirement benefit surplus	(k)	76	75
Deferred tax assets	(l)	43	49
		3,212	3,235
Current assets			
Trade and other receivables	(f)	1,716	2,840
Current tax assets		11	4
Cash and cash equivalents		–	1
		1,727	2,845
Total assets		4,939	6,080
LIABILITIES			
Current liabilities			
Loan notes (unsecured)	(g)	(25)	(96)
Trade and other payables	(h)	(1,979)	(2,931)
Provisions	(i)	(1)	–
		(2,005)	(3,027)
Non-current liabilities			
Loan notes (unsecured)	(g)	(937)	(943)
Retirement benefit obligations	(k)	(265)	(314)
		(1,202)	(1,257)
Total liabilities		(3,207)	(4,284)
Net assets		1,732	1,796
EQUITY			
Share capital	(m)	388	388
Share premium		258	258
Retained earnings ²	(n)	1,102	1,165
Hedging reserve		–	1
Reserve for own shares		(16)	(16)
Total equity		1,732	1,796

1. See note (u) for an explanation of certain prior year adjustments.

2. The profit for the financial year was £65m (2014: restated £14m loss).

The parent company financial statements were approved by the board of directors and authorised for issue on 24 March 2016.

They were signed on its behalf by:

Ashley Almanza
Director

Himanshu Raja
Director

Notes to the parent company financial statements

(a) General information

G4S plc (the 'company') is incorporated in the United Kingdom, registered in England and Wales, and domiciled in the UK. It is a public company, limited by shares. The company's registered office is given on the inside back cover.

The financial statements are presented in sterling, which is the company's functional currency, and in millions of pounds.

(b) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 'Reduced Disclosure Framework'.

(c) Significant accounting policies

Basis of preparation

The financial statements have been prepared under the going concern basis and using the historical cost convention, except for the revaluation of certain financial instruments, in accordance with Companies Act 2006 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice ('UK GAAP')). The principal accounting policies and measurement bases adopted are the same as those disclosed in note 3 to the consolidated financial statements, except as noted below, and have been applied consistently to all the years presented, unless stated otherwise. Judgements made by the directors in the application of these accounting policies which have a significant effect on the financial statements, and estimates with a significant risk of material adjustment, have been disclosed in note 4 to the consolidated financial statements.

The company has early-adopted certain amendments to FRS 100 'Application of Financial Reporting Requirements' and to FRS 101 issued in July 2015 by the Financial Reporting Council. These amendments related to changes made to the Companies Act 2006 to maintain consistency with company law and the application of The Companies, Partnerships, and Groups (Accounts and Reports) Regulations 2015 ('SI 2015/980'). SI 2015/980 allowed, among other items, the format of the financial statements to be presented in accordance with International Financial Reporting Standards adopted by the European Union ('adopted IFRSs') instead of the Companies Act 2006.

Going concern

Pages 116 to 188 of the consolidated financial statements contain information on the performance of the group, its financial position, cash flows, net debt position and borrowing facilities. Further information, including financial risk management policies, exposures to market and credit risk and hedging activities, is given in note 31 to the consolidated financial statements, 'Financial risk'. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Transition to FRS 101

These financial statements were prepared by the directors in accordance with FRS 101 for the first time. FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101. An explanation of these and how the transition affected the previously reported financial position and financial performance of the company has been disclosed in note (u) to these financial statements. The date of transition from the previous accounting standards to FRS 101 was 1 January 2014. Comparable historical financial information has therefore been provided in accordance with FRS 101 as at 1 January 2014 and as at, and for the year ended, 31 December 2014.

Exemptions

In accordance with section 408(3) of the Companies Act 2006, the company is exempt from the requirement to present its own income statement.

The company has taken advantage of certain disclosure exemptions in FRS 101, in part because its financial statements are included in the publicly available consolidated financial statements of G4S plc.

These disclosure exemptions relate to:

- the presentation of a third or opening statement of financial position at the date of transition to FRS 101 and related notes;
- the requirements of IAS 7 'Statement of Cash Flows';
- the statement of compliance with International Financial Reporting Standards adopted by the European Union;
- new IFRSs that have been issued but are not yet effective and which have not been applied by the company;
- comparative information for the movements from the beginning to the end of the year in respect of intangible assets and certain other additional comparative information;
- information on the assumptions used in the determination of fair value and recoverable amounts of cash-generating units containing goodwill and management's approach to determining these amounts;
- financial instruments disclosures required by IFRS 7 'Financial Instruments: Disclosures';
- disclosures required by IFRS 13 'Fair Value Measurement';

Notes to the parent company financial statements *continued*

(c) Significant accounting policies *continued*

Exemptions *continued*

- certain related party disclosures on key management compensation and transactions entered into between two or more wholly-owned members of a group; and
- capital management disclosures.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for impairment. The accounting policy for impairments in investments in subsidiaries has been disclosed in note 3(k) to the consolidated financial statements.

Amounts owed by/to group undertakings

Amounts owed by/to group undertakings are recognised initially at fair value and are subsequently stated at amortised cost. Finance income and costs are recognised in the income statement on an accruals basis using the effective interest method.

Impairment of financial assets

The company provides for impairments in financial assets when there is objective evidence of impairment as a result of one or more events that impact the estimated future cash flows of the financial assets.

Share-based payments

The company issues equity-settled share-based payments to certain employees. The fair value of share-based payments is determined at the date of grant and is either expensed or capitalised, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the company's estimate of the shares that will eventually vest. The amount expensed or capitalised as an investment in the relevant subsidiary is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest, save for changes resulting from any market-related performance conditions. The company also issues cash-settled share-based payments to certain employees, which are recognised as a liability at fair value at the date of grant. The value of the liability is remeasured at each reporting date and at the date the liability is settled. The fair value of share-based payments is expensed in the income statement if it relates to employees of the company and capitalised as an investment in the relevant subsidiary if it relates to employees of those subsidiary companies.

Financial guarantees

The company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the group. The company considers these to be insurance arrangements and accounts for them as such. The company therefore treats such contracts as a contingent liability unless and until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(d) Intangible assets

	Software £m
Cost	
At 1 January 2015 and 31 December 2015	13
Amortisation	
At 1 January 2015	(4)
Amortisation charge	(2)
At 31 December 2015	(6)
Carrying amount	
At 1 January 2015	9
At 31 December 2015	7

(e) Investments in subsidiaries

	2015 £m	2014 Restated ¹ £m
Subsidiary undertakings		
Shares at net book value:		
At 1 January	3,049	3,055
Additions	8	19
Contribution through share-based payments	4	4
Impairments	(22)	(29)
At 31 December	3,039	3,049

1. See note (u) for an explanation of certain prior year adjustments.

Full details of all investments held by the parent company are disclosed in note 43 to the consolidated financial statements. The impairment during the year represents the shortfall of the investment cost compared to the recoverable amount calculated from discounted cash flows adjusted for net debt.

(f) Trade and other receivables

	2015 £m	2014 £m
Within current assets		
Amounts owed by group undertakings	1,706	2,807
Other taxation and social security costs	–	1
Other receivables	–	1
Derivative financial instruments at fair value (note (j))	10	31
Total trade and other receivables within current assets	1,716	2,840
Within non-current assets		
Derivative financial instruments at fair value (note (j))	47	53
Total trade and other receivables within non-current assets	47	53

Amounts owed by group undertakings are unsecured, interest-free or interest-bearing based on market rates and repayable on demand.

(g) Loan notes (unsecured)

	2015 £m	2014 £m
The loan notes are repayable as follows:		
On demand or within one year	25	96
In the second year	143	25
In the third to fifth years inclusive	708	788
After five years	86	130
Total loan notes	962	1,039

The company issued fixed rate loan notes in the US Private Placement market totalling US\$550m on 1 March 2007. US\$100m of these notes matured and were repaid on 1 March 2014, with the remaining notes maturing in March 2017 (US\$200m), March 2019 (US\$145m) and March 2022 (US\$105m).

The company issued further fixed rate loan notes in the US Private Placement market totalling US\$514m and £69m on 15 July 2008. US\$65m of these notes matured and were repaid on 15 July 2013, and US\$150m matured and were repaid on 15 July 2015. The remaining notes mature in July 2016 (£25m), July 2018 (US\$224m and £44m), and July 2020 (US\$75m).

The company issued its inaugural public note of £350m using its European Medium Term Note Programme on 13 May 2009. The note matures in May 2019.

The loan notes issued in July 2008, with the exception of £44m, are stated at amortised cost. The loan notes issued in March 2007, £44m of the loan notes issued in July 2008 and the loan notes issued in May 2009 are stated at amortised cost but are designated in a fair value hedge relationship which has a fair value adjustment in relation to the hedged interest rate risk. Information on the significant assumptions underlying the valuation model used and the interest rates on the borrowings are disclosed in note (j).

Derivatives related to the loan notes have a fair value market gain of £9m (2014: £28m) as disclosed in note (j). The management of currency risk and interest rate risk is also detailed in note (j).

(h) Trade and other payables

	2015 £m	2014 £m
Within current liabilities:		
Amounts owed to group undertakings	1,948	2,903
Other taxation and social security costs	3	–
Accruals	13	15
Other payables	3	2
Derivative financial instruments at fair value (note (j))	12	11
Total trade and other payables	1,979	2,931

Amounts owed to group undertakings are unsecured, interest-free or interest-bearing based on market rates and repayable on demand.

Notes to the parent company financial statements *continued*

(i) Provisions

Provisions of £1m were transferred to the company in 2015. Provisions include estimates of the likely fees for outsourced services required to ensure members' pension benefits are correctly recorded and paid. The settlement of the majority of these provisions is expected to occur within one year.

(j) Derivative financial instruments

The carrying values of derivative financial instruments at the reporting date are presented below:

	2015 Assets £m	2014 Assets £m	2015 Liabilities £m	2014 Liabilities £m
Cross currency swaps designated as cash flow hedges	9	28	–	–
Interest rate swaps designated as fair value hedges	48	56	12	11
Total	57	84	12	11
Less: amount due for settlement within 12 months (shown under current assets and liabilities):				
Cross currency swaps designated as cash flow hedges	–	(21)	–	–
Interest rate swaps designated as fair value hedges	(10)	(10)	(12)	(11)
	(10)	(31)	(12)	(11)
Amount due for settlement after 12 months	47	53	–	–

The mark to market valuation of the derivatives has decreased by £28m (2014: increased by £8m), partly due to derivatives maturing during the year. Fair value losses of £9m (2014: £nil) were included directly in the income statement and gains of £1m (2014: £8m) included in the hedging reserve.

	2015 Income statement £m	2014 Income statement £m	2015 Equity £m	2014 Equity £m
Cross currency swaps designated as cash flow hedges	–	–	1	7
Interest rate swaps designated as cash flow hedges	–	–	–	1
Interest rate swaps designated as fair value hedges	(9)	–	–	–
	(9)	–	1	8

Derivative financial instruments are stated at fair value, measured using techniques consistent with Level 2 of the valuation hierarchy (inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly). The source of the market prices is Bloomberg and in addition the third party relationship counterparty banks. The relevant currency yield curve is used to forecast the floating rate cash flows anticipated under the instrument which are discounted back to the reporting date. This value is compared to the original transaction value giving a fair value of the instrument at the reporting date.

The fair value of derivative financial instruments is calculated using a discounted cash flow approach and using inputs based on observable market data. Judgement is used to determine the relevant inputs, currency yield curves and discount rates. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Currency risk and cross currency swaps

The group conducts business in many currencies. The group presents its consolidated financial statements in sterling and as a consequence is subject to foreign exchange risk due to the translation of the results and net assets of its foreign subsidiaries. The company, together with its subsidiary G4S International Finance plc, hedges a substantial portion of the group's exposure to fluctuations in the translation into sterling of the group's overseas net assets by holding loans in foreign currencies. On consolidation, translation adjustments arising on the translation of foreign currency loans are recognised in equity to match translation adjustments on foreign currency equity investments as they qualify as net investment hedges. However, in the company's own financial statements, translation adjustments arising on the translation of foreign currency loans are recognised in the income statement and are in part hedged by cross currency swaps.

Cross currency swaps with a nominal value of £25m are outstanding which were arranged to hedge the foreign currency risk on US\$50m of the second US Private Placement notes issued in July 2008, effectively fixing the sterling value on this portion of debt at an exchange rate of 1.9750. These swaps will mature in July 2018.

Interest rate risk and interest rate swaps

Borrowings issued at fixed rates expose the company to fair value interest rate risk, which the company manages within policy limits approved by the directors. When fixed/floating interest rate debt in the preferred mix is unavailable directly from investors, interest rate swaps are utilised to create the desired blend and meet Treasury policy, with the proportion of fixed interest rate held reducing on a sliding scale over forward periods up to a maximum of five years. The quantity of interest rate swaps outstanding in the company is expected to continue to decline as treasury activity is increasingly conducted by G4S International Finance plc.

The US Private Placement market is predominantly a fixed rate market, with investors preferring a fixed rate return over the life of the loan notes. At the time of the first issue in March 2007, the group was comfortable with the proportion of floating rate exposure not hedged by interest rate swaps and therefore rather than take on a higher proportion of fixed rate debt arranged fixed to floating swaps effectively converting the fixed coupon on the Private Placement to a floating rate. Following the swaps the resulting average coupon on the US Private Placement is LIBOR + 60bps. These swaps have been documented as fair value hedges of the US Private Placement fixed interest loan notes, with the movements in their fair value posted to profit and loss at the same time as the movement in the fair value of the hedged item. The swaps mature in 2017, 2019 and 2022.

The interest on the US Private Placement notes issued in July 2008 and on the £350m public notes issued in May 2009, was initially kept at fixed rate. In April 2014, the interest rate on £44m of the US Private Placement notes issued in July 2008 and on all of the £350m public notes issued in May 2009 was swapped from fixed to floating for a period of three years using derivatives. These swaps have also been documented as fair value hedges.

The £350m public notes have a coupon step up of 1.25% which is triggered should the credit rating of the company fall below investment grade.

(k) Retirement benefit obligations

Following the adoption of FRS 101, the company has been determined to be the sponsoring company for the group's UK defined benefit pension scheme, to which it provides a guarantee over all payments to be made to the scheme by the operating companies. The required disclosures for this scheme are given in note 32 to the consolidated financial statements.

The following disclosures relate to the UK scheme only and are given because the same disclosures in note 32 of the group financial statements refer to the consolidated group position and include certain non-UK schemes.

The amounts recognised in the statement of financial position and the various components of income, other comprehensive income and cash flow are as follows:

2015	Obligation £m	Assets £m	Total £m
At 1 January 2015	(2,222)	1,983	(239)
Amounts recognised in income			
Current service cost (in cost of sales)	(5)	–	(5)
Interest on obligations and assets (in finance costs)	(81)	73	(8)
Administration costs paid from plan assets (in administration expenses)	(2)	–	(2)
Total amounts recognised in income	(88)	73	(15)
Remeasurements			
Actuarial gain – change in financial assumptions	13	–	13
Actuarial loss – change in demographic assumptions	(34)	–	(34)
Actuarial gain – experience	33	–	33
Return on assets in excess of interest	–	3	3
Remeasurement effects recognised in other comprehensive income	12	3	15
Cash			
Employer contributions	–	50	50
Benefits paid from plan assets	80	(80)	–
Net cash	80	(30)	50
At 31 December 2015	(2,218)	2,029	(189)

Notes to the parent company financial statements *continued*

(k) Retirement benefit obligations *continued*

2014	Obligation £m	Assets £m	Total £m
At 1 January 2014	(2,011)	1,562	(449)
Amounts recognised in income			
Current service cost (in cost of sales)	(5)	–	(5)
Interest on obligations and assets (in finance costs)	(87)	68	(19)
Administration costs paid from plan assets (in administration expenses)	(1)	–	(1)
Total amounts recognised in income	(93)	68	(25)
Remeasurements			
Actuarial loss – change in financial assumptions	(189)	–	(189)
Actuarial gain – experience	1	–	1
Return on assets in excess of interest	–	376	376
Remeasurement effects recognised in other comprehensive income	(188)	376	188
Cash			
Employer contributions	–	47	47
Employee contributions	(1)	1	–
Benefits paid from plan assets	71	(71)	–
Net cash	70	(23)	47
At 31 December 2014	(2,222)	1,983	(239)

Contributions in 2015 included £44m (2014: £42m) of additional contributions in respect of the deficit in the UK scheme.

(l) Deferred tax assets

The reconciliation of deferred tax assets is as follows:

	Retirement benefit obligations £m	Share-based payments £m	Changes in fair value of derivatives £m	Other temporary differences £m	Total £m
At 1 January 2015	48	1	–	–	49
(Charge)/credit to the income statement	(7)	–	–	6	(1)
Charge to equity	(3)	–	–	–	(3)
Charge to equity – change in tax rate	(2)	–	–	–	(2)
At 31 December 2015	36	1	–	6	43
At 1 January 2014	90	–	1	–	91
(Charge)/credit to the income statement	(4)	1	(1)	–	(4)
Charge to equity	(38)	–	–	–	(38)
At 31 December 2014	48	1	–	–	49

(m) Share capital

Disclosures on the share capital of the company have been disclosed in note 35 to the consolidated financial statements.

(n) Retained earnings

Included in the company's retained earnings is £1,078m (2014: restated £68m) of distributable profits. During the year a previously unrealised gain of £1,078m relating to the sale of certain investments in subsidiaries in 2011 as part of a wider reorganisation of the UK holding company legal structure was realised and therefore re-classified as distributable reserves. The gain became realised as a result of a transaction in 2015 which involved the settlement of outstanding inter-company receivables due from one subsidiary with loans payable to another subsidiary.

(o) Auditor's remuneration

Fees payable to PwC for the audit of the company's annual financial statements have been disclosed in note 10 to the consolidated financial statements.

(p) Staff costs and employees

The average monthly number of employees, including executive directors was:

	2015 Number	2014 Number
Average number of employees (corporate)	22	24

The aggregate remuneration of employees, including executive directors, employed by the company comprised:

	2015 £m	2014 £m
Wages and salaries	10	9
Social security costs	1	1
Employee benefits	5	3
Total staff costs	16	13

Information on directors' remuneration, long-term incentive plans, pension contributions and entitlements is set out in the Directors' remuneration report on pages 74 to 90.

(q) Share-based payments

The company has both equity-settled and cash-settled share-based payment schemes in place being the conditional allocations of G4S plc shares. An employee benefit trust established by the group holds shares to satisfy the vesting of conditional allocation awards. Reserve for own share disclosures relevant to the company are presented within note 36 to the consolidated financial statements. Share-based payments disclosures relevant to the company are presented within note 39 to the consolidated financial statements.

(r) Related party transactions

Certain disclosures relevant to the company are presented within note 40 to the consolidated financial statements. Company transactions with group undertakings primarily consist of royalty charges, central service charges, group insurance recharges and loan transactions.

There were no material transactions with non-wholly owned group undertakings in 2015 (2014: none).

(s) Contingent liabilities

To help secure cost effective finance facilities for its subsidiaries, the company issues guarantees to some of its finance providers. At 31 December 2015 guarantees totalling £373m (2014: £370m) were in place in support of such facilities.

The company also guarantees the debt obligations of certain subsidiaries. At 31 December 2015 contingent liabilities of £1,192m (2014: £956m) were outstanding in support of such debt obligations.

(t) Dividends

Amounts recognised as distributions to equity holders of the company in the year have been disclosed in note 14 to the consolidated financial statements.

(u) Transition to FRS 101

Between 2012 and 2015 the Financial Reporting Council revised financial reporting standards for the United Kingdom and Republic of Ireland. The revision fundamentally reformed financial reporting, replacing all previous accounting standards with FRS 100 'Application of Financial Reporting Requirements' and other related standards, which are applicable from 1 January 2015.

Under FRS 100, the company has elected to apply FRS 101 'Reduced Disclosure Framework' in its annual financial statements for the year ended 31 December 2015. FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of adopted IFRSs.

As stated in the Significant accounting policies note, these are the company's first financial statements prepared in accordance with FRS 101. The transition date from the legacy UK GAAP to FRS 101 was 1 January 2014.

The policies disclosed in the Significant accounting policies note have been applied in preparing these financial statements for each of the years ended, and as at, 31 December 2015 and 31 December 2014, and in the preparation of an opening FRS 101 statement of financial position as at 1 January 2014.

In preparing its opening FRS 101 statement of financial position the company has adjusted amounts reported in its previous statutory annual report and financial statements. An explanation of how the transition to FRS 101 has affected the company's financial position and financial performance has been provided below. As the company previously prepared its consolidated financial statements under IFRS, it has measured its assets and liabilities at the same amounts in both the consolidated and parent company financial statements, except for consolidation adjustments.

Notes to the parent company financial statements *continued*

(u) Transition to FRS 101 *continued*

First-time adoption of FRS 101

FRS 101 grants elections and certain exemptions from its full requirements when preparing the first financial statements that conform to FRS 101.

Investment in subsidiaries

The carrying amounts of the company's investments in subsidiaries have been unaffected by the transition to FRS 101.

Financial instruments including derivatives and hedge accounting

Under legacy UK GAAP, the company complied with the requirements of FRS 25 'Financial Instruments: Presentation' and FRS 26 'Financial Instruments: Recognition and Measurement'. FRS 25 implemented IAS 32 'Financial Instruments: Presentation' and FRS 26 implemented the recognition, measurement and hedge accounting requirements of IAS 39 'Financial Instruments: Recognition and Measurement' into legacy UK GAAP for those companies within its scope. As the company had accounted for its financial instruments under FRS 25 and FRS 26, and formally designated its hedges under FRS 26, it has complied with the requirements of IAS 32 and IAS 39 under FRS 101. The carrying values of the company's financial instruments and derivatives under legacy UK GAAP have therefore been unaffected on transition to FRS 101 on 1 January 2014.

Share-based payment transactions

Under legacy UK GAAP the company previously applied FRS 20 (IFRS 2) 'Share-based Payment' when accounting for its share-based payment transactions. As there are no differences between FRS 20 and the FRS 101 equivalent, IFRS 2 'Share-based Payment', transactions previously recognised in equity relating to share options that were granted after 7 November 2002 and vested before 1 January 2014 have been unaffected by the transition to FRS 101.

Reconciliation of equity

A reconciliation of the company's equity reported in accordance with legacy UK GAAP to its equity in accordance with FRS 101 as at 1 January 2014 and as at 31 December 2014 has been provided below.

	As previously presented £m	Presentational adjustments £m	Retirement benefit obligations £m	Share-based payments £m	Under FRS 101 £m
	Note A	Note B	Notes C, F	Note E	
1 January 2014					
ASSETS					
Non-current assets					
Derivative financial instruments at fair value (within receivables)	–	52	–	–	52
Retirement benefit surplus	–	–	31	–	31
Deferred tax assets	–	1	90	–	91
Current assets					
Other receivables	8	(6)	–	–	2
Current tax assets	–	5	–	–	5
After more than one year:					
Derivative financial instruments at fair value (within receivables)	52	(52)	–	–	–
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	–	–	(480)	–	(480)
Net liabilities		–	(359)	–	
EQUITY					
Retained earnings	1,216	(1)	(359)	–	856
Hedging reserve	–	1	–	–	1
Total equity		–	(359)	–	

	As previously presented £m	Presentational adjustments £m	Retirement benefit obligations £m	Share-based payments £m	Under FRS 101 £m
	Note A	Note B	Notes C, F	Note E	
31 December 2014					
ASSETS					
Non-current assets					
Investments in subsidiaries	3,045	–	–	4	3,049
Derivative financial instruments at fair value (within receivables)	–	53	–	–	53
Retirement benefit surplus	–	–	75	–	75
Deferred tax assets	–	1	48	–	49
Current assets					
Other receivables	6	(5)	–	–	1
Current tax assets	–	4	–	–	4
After more than one year:					
Derivative financial instruments at fair value (within receivables)	53	(53)	–	–	–
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	–	–	(314)	–	(314)
Net liabilities		–	(191)	4	
EQUITY					
Retained earnings	1,353	(1)	(191)	4	1,165
Hedging reserve	–	1	–	–	1
Total equity		–	(191)	4	

Reconciliation of profit or loss

A reconciliation of the company's profit or loss reported in accordance with legacy UK GAAP to its profit or loss in accordance with FRS 101 for the year ended 31 December 2014 has been provided below.

	As previously presented £m	Retirement benefit obligations £m	Recycling of hedging reserve £m	Share-based payments £m	Under FRS 101 £m
	Note A	Notes C, F	Notes D, F	Note E	
Comprehensive income:					
Loss for the year	(43)	18	7	4	(14)
Other comprehensive income:					
Change in fair value of cash flow hedging financial instruments	8	–	–	–	8
Transferred to income statement	–	–	(8)	–	(8)
Retirement benefit obligations	–	188	–	–	188
Tax on items taken directly to equity	(1)	(38)	1	–	(38)
Total comprehensive income		168	–	4	

Explanation of transition adjustments

Note A

These balances are as presented in the statutory annual report and financial statements of the company under legacy UK GAAP but aligned with FRS 101 and adopted IFRS headings, prior to adjustments required to comply with FRS 101. The presentation under headings in accordance with adopted IFRSs is permitted by the early adoption of SI 2015/980, as explained in the Significant accounting policies.

(u) Transition to FRS 101 *continued*

Explanation of transition adjustments *continued*

Note B

Presentational adjustments to the statement of financial position due to the transition to FRS 101

On transition to FRS 101, the company has reclassified the following items.

- Non-current/current assets and liabilities. Under FRS 101, as permitted by the early adoption of SI 2015/980, the company has presented all assets and liabilities on a non-current and current basis. The following balances reported under legacy UK GAAP have been reclassified accordingly: within current assets, debtors due after more than one year relating to derivatives and deferred tax assets. As at 1 January 2014 this resulted in re-classifications of £52m and £1m respectively (31 December 2014: £53m and £1m respectively).
- Taxation. Deferred and current tax assets are presented separately on the face of the statement of financial position in accordance with FRS 101 instead of within debtors under legacy UK GAAP.
- Hedging reserves. Under FRS 101, the effective portion of the cumulative net change in the fair value of the derivatives in a cash flow hedging relationship is deferred within equity in a separate reserve, the hedging reserve, which is net of tax. These balances were previously recognised in retained earnings. As at 1 January 2014, £1m was transferred from retained earnings to the hedging reserve. The equivalent re-classification as at 31 December 2014 was also £1m, after the additional recycling of foreign exchange from the hedging reserve to the income statement (see below).

Note C

Retirement benefit obligations

Under legacy UK GAAP when an employer could not identify its share of the assets and liabilities of a group pension scheme on a reasonable and consistent basis, the scheme was accounted for as a defined contribution scheme. The company therefore only accounted for the contributions payable to the scheme during the year within operating profit in its income statement.

Under FRS 101, IAS 19 'Employee Benefits' requires the company to recognise the following items:

- In its statement of financial position:
 - the difference between the market value of the assets of the scheme and the present value of accrued pension liabilities as a net asset or net liability. An asset relating to one scheme can be offset against a liability relating to another if the right of offset exists.
- In its income statement:
 - the current service cost within operating profit; and
 - net finance costs on the net defined benefit obligation within financing costs.
- In other comprehensive income:
 - actuarial gains and losses arising from experience or assumption changes; and
 - returns on scheme assets in excess of those recognised in the income statement.

Due to the transition to FRS 101, retirement benefit obligations of £480m and a retirement benefit surplus of £31m before tax were recognised on 1 January 2014. During the year ended 31 December 2014 the legacy UK GAAP accounting was reversed and amounts recognised in both the income statement and other comprehensive income in accordance with IAS 19 (£18m and £188m gains respectively). At 31 December 2014 the retirement benefit obligations were £314m and the retirement benefit surplus was £75m. The impact due to deferred tax has been disclosed in Note F.

Note D

Recycling of hedging reserves

Under FRS 101 certain hedging transactions are reported in a separate hedging reserve. The hedging reserve consists of the effective portion of the cumulative net change in the fair value of the derivatives in a cash flow hedging relationship deferred within equity, which for the company mainly represented the net change in the fair value of its cross currency swaps. The effective portion of the cross currency swaps relating to foreign exchange movements should have been subsequently recycled to the income statement to offset the foreign exchange revaluation of the associated loan notes. However under legacy UK GAAP this recycling was omitted. During the year ended 31 December 2014, £8m of gains previously reported within equity was recycled to the income statement to offset the foreign exchange losses on the associated loan notes. The related deferred tax adjustment has been disclosed in Note F.

Note E**Share-based payments**

Under legacy UK GAAP, the amount charged to the company's income statement for share-based payments reflected the expense related both to employees of the company and to employees of the company's subsidiaries. However, in circumstances where the company settles awards for services provided to its subsidiaries by the subsidiaries' employees, the company can capitalise these costs as a cost of investment in those subsidiaries. Following the transition to FRS 101, share-based payment charges of £4m previously expensed to the income statement during the year ended 31 December 2014 were capitalised and included within the cost of investment in subsidiaries.

Note F**Deferred tax**

Under legacy UK GAAP deferred tax was recognised on timing differences arising in the income statement. Timing differences arose from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements.

Under FRS 101, IAS 12 'Income Taxes' requires full provision for all taxable temporary differences unless specifically exempted. Deferred tax is recognised in the statement of financial position by applying the appropriate tax rate to the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the company's financial statements.

Due to the transition to FRS 101, deferred tax was recognised on retirement benefit obligations. As at 1 January 2014, deferred tax assets of £90m were recognised on the statement of financial position. During the year ended 31 December 2014, a loss of £42m was recognised (£4m in the income statement and £38m in other comprehensive income) resulting in a deferred tax asset on the statement of financial position of £48m as at 31 December 2014.

The deferred tax adjustment related to the recycling of hedging reserves (see Note D) resulted in a deferred tax loss of £1m being charged to the income statement instead of equity under legacy UK GAAP.

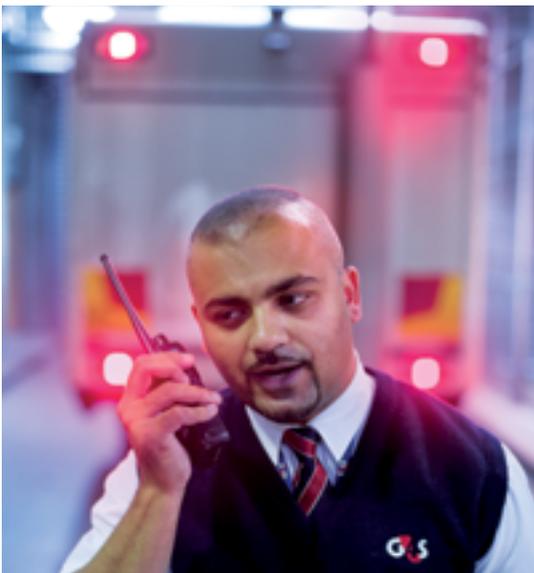
Statement of changes in equity

Under legacy UK GAAP the financial statements included a reconciliation of movements in shareholders' funds as a primary statement.

Under FRS 101, this has been replaced by the statement of changes in equity, which analyses in more detail the changes in equity during the year:

OUR PERFORMANCE IN 2015

A snapshot of some of our key sustainability actions during 2015



111

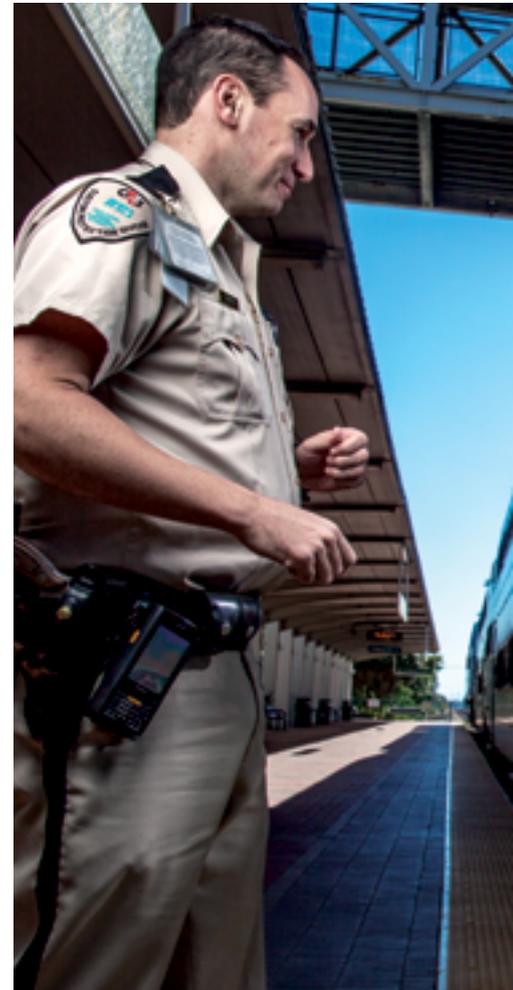
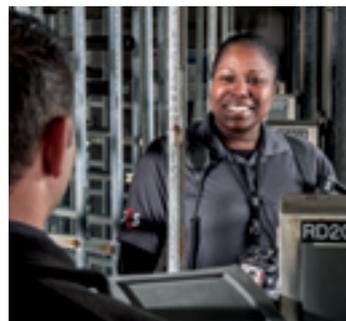
regional "heat-map" human rights risk assessments

73%

of employees responded to the global employee engagement survey

SAFEGUARDING OUR INTEGRITY

- Completed a review and developed new corporate values
- Conducted a review of our CSR material issues, identifying three core priorities
- Launched Speak Out, a new and enhanced global whistleblowing process and case management system
- Completed the integration of our human rights framework into key business processes
- Integrated human rights control-self assessments into our group risk and audit compliance processes
- Completed 121 on-site internal audits, including measurement of compliance with business ethics standards
- Conducted 111 human rights regional risk "heat-map" assessments
- Conducted seven human rights assessments of major business opportunities for review by the group investment committee
- Business units have conducted local human rights assessments across all operating countries
- Engaged with the Australian and UK OECD National Contact Points (NCP) in relation to two complaints. Further details of these complaints and the OECD NCP findings can be found in our CSR Report



SECURING OUR PEOPLE

- Undertook health and safety leadership training with 1,000 managers
- Developed and launched a new road safety policy
- Completed six group led critical country reviews of safety in high priority businesses
- Conducted our fourth and largest global employee survey to date, achieving responses for 73% of all employees
- Achieved an overall favourable score of 82% in our global employee engagement survey



4.6%

Reduction in carbon intensity since 2014

£1.6m

Invested in community programmes and welfare programmes for employees

1,113

community programmes supported by G4S



6

Critical country reviews of safety in high priority businesses

82%

favourable response rating from the global employee engagement survey

SECURING OUR ENVIRONMENT

- G4S total carbon footprint in 2015 was 522,901 t/CO₂e
- Achieved a carbon intensity of 77 t/CO₂e per £m of revenue in 2015, representing an reduction of 4.6% since 2014
- Measured 52% of the waste generated by the group, totalling 9,282 tonnes of mixed waste with 32% diverted from landfill
- Measured 74% of the group's water usage with a total consumption of 1,917,196 litres
- Increased use of video conferencing and virtual meeting technology has helped us reduce the carbon emissions generated by our business air travel by 6% since 2014
- Continued to invest in telematics technology to monitor driver behaviour, leading to reductions in fuel usage and maintenance costs, as well as improving driver and road safety. At the end of 2015, some 4,700 of our cash solutions vehicles have been fitted with telematics devices

SECURING OUR COMMUNITIES

- Conducted studies of the economic impact of G4S within the UK, demonstrating a total contribution to the UK economy of £1.72bn
- Invested approximately £1.6 million in charitable community programmes and welfare programmes for employees
- Matched £48,000 of employee fundraising for local community good causes across the world
- Supported more than 1,113 community projects across 65 countries, including:
 - Bhubesi Pride (Africa)
 - Shiksha School (India)
 - Landmine Education (Somalia)
 - Habitat for Humanity (USA & LATAM)
 - Game On (UK)

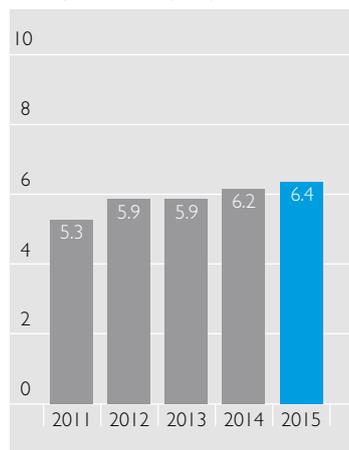


For more information on our approach to securing our environment and our communities, please visit www.g4s.com/csr

GROUP FINANCIAL RECORD

G4S plc was formed in 2004 from the merger of Group 4 and Securicor.

Group revenue (£bn)

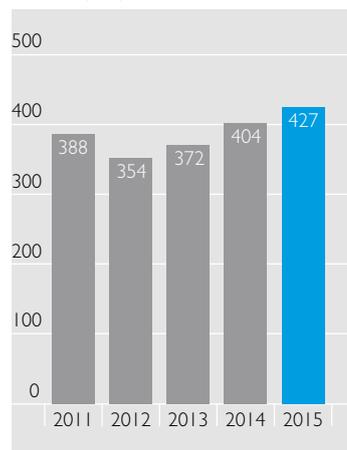


Revenue* at constant exchange rates

£6.4bn

G4S revenue grew 4% in 2015 compared to 2014.

PBITA (£m)

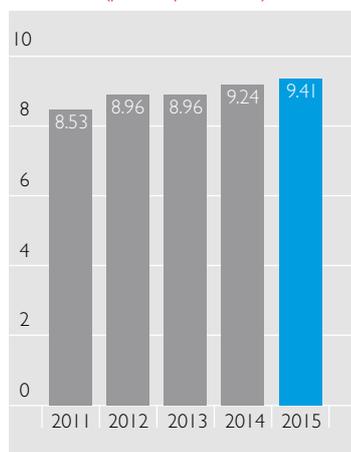


PBITA* at constant exchange rates

£427m

Operating profit, defined as profit before interest, tax and amortisation and excluding specific items, increased 5.7% to £427m (2014: £404m).

Dividend (pence per share)

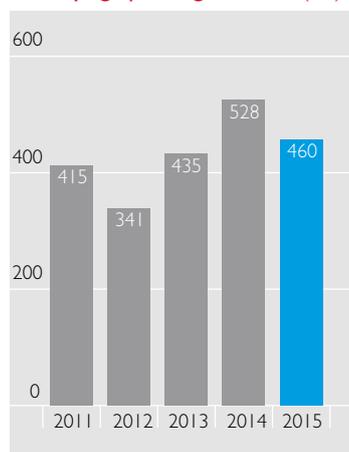


Dividend

9.41p

The total dividend was 9.41 pence per share in 2015, an increase of 18%.

Underlying operating cash flow (£m)

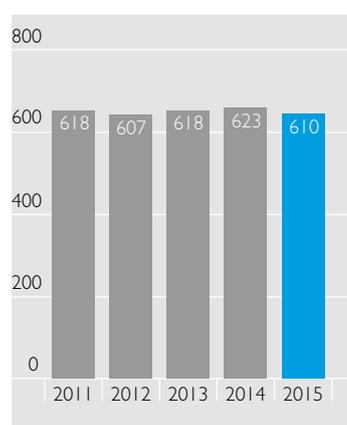


Underlying operating cashflow*

£460m

Underlying operating cashflow was £460m in 2015.

Employees ('000) as at 31 December 2015



Employees as at 31 December 2015

610,000

(including joint ventures and businesses held for sale or closure)

* Revenue, PBITA and underlying operating cash flow are presented on a like-for-like basis to reflect certain prior year adjustments and re-classifications as described in note 3(w) to the consolidated financial statements.

Application of FRS 101

For the year ended 31 December 2015 the parent company financial statements have been prepared by applying the FRS 101 Reduced Disclosure Framework.

The framework permitted by FRS 101 reduces disclosures covering a wide range of topics, as described in note (c) on page 191. We intend to prepare the parent company accounts for the year ended 31 December 2016 on the same basis.

The parent company's accounts are still prepared to meet the requirements of the Companies Act 2006 including giving a true and fair view of the company's assets, liabilities, financial position and profit or loss. This means the parent company is therefore always required to include in its accounts all information relevant to shareholders and necessary to show a true and fair view.



For further information about FRS 101 please visit: <http://www.icaew.com/en/technical/financial-reporting/reduced-disclosure-framework>

If you have any objections to the company continuing to apply the FRS 101 Reduced Disclosure Framework to the individual financial statements of the parent company, please notify us in writing to the Company Secretary, G4S plc at 5th Floor, Southside, 105 Victoria Street, London SW1E 6QT on or before 30 May 2016.

General information

Financial calendar

Results announcements

Half-year results – August
Final results – March

Dividend payment

Interim paid – 16 October 2015
Final payable – 10 June 2016

Annual General Meeting

26 May 2016

Corporate addresses

Registered office

5th Floor
Southside
105 Victoria Street
London
SW1E 6QT
Telephone +44 (0) 207 963 3100

Registered number

4992207

Auditor (since 2015 AGM)

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6NN

Stockbrokers

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB

Financial advisors

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

G4S website

www.g4s.com

General shareholder information

Registrars and transfer office

All enquiries relating to the administration of shareholdings should be directed to:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone: within the UK 0871 664 0300 (calls cost 12p per minute plus your phone company's access charge. If you are outside the UK, call +44 371 644 0300. Calls from outside the UK will be charged at the applicable international rate)

Fax: +44(0) 1484 600 911

Email: shareholderenquiries@capita.co.uk

Secure share portal:
www.capitashareportal.com

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the company or the company's registrar.

Capita share portal

The share portal is an online facility provided by the company's registrars, Capita Asset Services, for shareholders to manage their holding securely online reducing the need for paperwork. By registering for a free portal account, shareholders are able to access a range of online facilities 24 hours a day including those described below.

View account holding details

Allows shareholders to access their personal account, shareholding balance, share transaction history, indicative share valuation and dividend payment history. It also enables shareholders to buy and sell shares.

Change of address, bank mandates, downloadable forms

Allows shareholders to update their postal address and complete, change or delete bank mandate instructions for dividends. A wide range of shareholder information, including downloadable forms such as stock transfer forms, is also available.

Dedicated helpline

Capita Asset Services has a helpline to help users with all aspects of the service. The numbers are as noted above. Lines are open 9.00am to 5.30pm Monday to Friday excluding public holidays.

G4S plc

5th Floor
Southside
105 Victoria Street
London
SW1E 6QT
United Kingdom

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Email: investor@g4s.com

Registered in England No. 4992207



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