



1.0 PURPOSE

This policy establishes guidelines relating to accounts receivable management. *Allowance for Doubtful Accounts Receivable* is covered in a separate policy.

2.0 SCOPE

This policy applies to all Brink's, Inc. (Brink's) Corporate, regional, and country level business units.

3.0 RESPONSIBILITY

Overall responsibility for the policy lies with the BCO Controller. Continued compliance, successful implementation, and maintenance of financial records is the responsibility of business unit management. Corporate and Regional management are responsible for on-going monitoring of compliance with the policy.

4.0 POLICY

It is Brink's policy to invoice customers timely for goods and services provided and to properly record these transactions in the general ledger in the accounting period in which the related revenue is earned. Accounts Receivable (A/R) balances must be supported by a detailed subsidiary ledger including detailed invoice and customer information. A/R accruals should be supported by underlying documentation.

4.1 Objectives

Transactions recorded in the general ledger must be properly measured based on underlying events in accordance with U.S. GAAP. All transactions occurring during the reporting period and current balances must be completely reflected in the trial balance. Only assets and liabilities for which Brink's has the rights of ownership or responsibility for should be recorded in the trial balance. Transactions should be recorded only when they exist as supported by an underlying event. All amounts should be classified and disclosed to allow for accurate presentation of financial information. Management should ensure that all transactions and adjustments are appropriately authorized for recording to the trial balance.

5.0 PROCEDURE

5.1 Invoicing

Each business unit is responsible for invoicing its customers as timely and as efficiently as possible based on the individual operating activities of the business unit.



Business units must maintain a billing/accounts receivable system that can adequately process the volume of invoices required for the business unit and maintain adequate system security and accounting functionality.

5.2 Cash Receipts

Appropriate segregation of duties should be maintained at all times when handling cash receipts including currency, checks, direct debits, wire transfers, and other forms of customer payments. Cash receipt functions should reflect the following characteristics:

- a single employee should not handle a transaction from beginning to end;
- the cash handling function is separated from the function of recording cash transactions in the general ledger;
- bank reconciliations are prepared by employees not involved with cash processing; and
- management periodically reviews cash activities, reports, summaries, and reconciliations.

Business unit financial management should ensure that cash receipts are deposited and/or recorded in the bank timely.

5.3 Subsidiary Ledger Management

The A/R subsidiary ledger is a record of individual customers and the amount owed to Brink's by each customer for each invoice. The subsidiary ledger should be capable of aging invoices sent to customers. A/R aging should be based on the invoice date. All cash receipts must be appropriately recorded in the A/R subsidiary ledger as of the receipt date. Unapplied cash transactions, if any, should be cleared to a specific account or customer as soon as administratively feasible on a regular basis, but within 30 days of receipt through additional contact with the customer as needed. The A/R subsidiary ledger should be reconciled to the general ledger trial balance accounts on a monthly basis and be reviewed by management. Additional information is contained in the *Balance Sheet Account Reconciliation* policy.

The Accounts Receivable function should maintain a daily log of all manual cash receipts and checks applied to the subsidiary ledger, which should also be agreed to the cash receipts journal.

Periodically, a customer may not pay the full amount of an invoice as expected by Brink's. Invoices not paid in full by customers (short-paid) should be brought to the attention of the A/R, Credit and Collections, or Sales function as appropriate for potential follow-up with the customer, based on business unit practices. Write-off of residual balances must be approved by the Country CFO.

A/R supervisory personnel should review the detailed A/R subsidiary ledger monthly for large or unusual items, excessively aged invoices, unapplied credits, credit balances, or other items requiring management attention. The method used,



timing, and resulting documentation may be determined by Local or Regional Management.

5.4 Adjustments to Accounts Receivable

If a customer's accounts receivable balance or a particular invoice requires an adjustment, it should be evidenced by issuing a credit note. Original invoices, once established, should not be adjusted. Adjustments may relate to an overcharge, billing error, price, quantity discrepancy or other reasons. The credit note should be adequately documented, approved by management, and applied against the original invoice.

An appropriate level of management should review all credit notes prior to issuance. The level of management review should be based on the amount and nature of an individual credit note. Local or Regional Management should establish thresholds and outline circumstances in which a certain level of authorization is required. The size of the business unit should also be considered.

For example, credit notes related to the correction of minor data entry errors (invoice for \$10,051 keyed as \$10,015) or for a nominal amount, such as below \$500, may be reviewed by A/R supervisory personnel. Credit notes involving customer disputes or higher amounts may involve review by Accounting Department Management. High value customer credit notes such as those greater than \$5,000 or those involving important customer quality or other service disputes may be reviewed by the Finance Director. Individual thresholds for management review may be determined by local management based on the volume, amount, reasons, or other factors.

Credit notes should be communicated to the customer and distributed internally in accordance with local needs. For instance, a copy of the credit note and the associated original invoice may be maintained by the Accounts Receivable function (or appropriately tracked if automated), with an additional copy or record forwarded to the Collections function, if needed.

In addition to review of individual credit notes, management should consider performing a periodic review of the nature of credit notes to determine the underlying causes for the need to issue credit notes and to assess if more systematic enhancements to local procedures could be beneficial.

Monthly, the Country CFO should review a summary listing of credit notes issued in previous months with details such as amount, date issued, invoice number, invoice date, etc. to reassess the need for the credit note.

5.5 Collections

Business unit Finance Management is responsible for establishing its own collection procedures. All customer contact, whether written or verbal, should be



conducted in a professional and courteous manner and in accordance with local business customs.

Customers should periodically receive communications to clearly identify any past due amounts. The method and frequency used to communicate past due amounts can be determined by local management based on customary practices.

The Collections or similar function is responsible for aggressively pursuing collections on overdue accounts receivable. The Collections function should document collection activity to the extent needed to allow for sufficient follow-up. The frequency and nature of customer follow-up and documentation should be based on the amounts and age of the customer invoices and local business customs.

If a customer is withholding a payment due to a specific issue with Brink's, appropriate personnel at the business unit must be notified so that the issue can be resolved and collection efforts can resume.

Local management should consider updating terms and conditions for customers with significant delinquent accounts until their account is current. Customers with a poor payment history should also be evaluated by business unit management to determine whether it is still in the best interest of Brink's to continue services or whether advance payments or deposits should be obtained. Customer advance payments/deposits should be considered as a liability until the associated revenue is earned. Discontinuance of services to a customer should be approved by the Country Managing Director.

5.6 **Allowance for Doubtful Accounts**

An Allowance for Doubtful Accounts (sometimes referred to as the “reserve for bad debt”) is a contra asset account used to offset Accounts Receivable for potential uncollectible accounts.

Please refer to the *Allowance for Doubtful Accounts* policy for further guidance.

5.7 **Days Sales Outstanding**

The Days Sales Outstanding (DSO) is a key performance indicator which measures the effectiveness of billing and collection activities. It represents the number of days revenue that is contained in the accounts receivable balance. A lower DSO means that receivables are collected faster, and Brink's will earn a higher return on investment which will also improve Economic Value Added (EVA).

DSO is calculated automatically in HFM (separately for *DSO – External* and *DSO – Intercompany*) based on the current month's gross *Accounts Receivable – Trade* balance, adjusted for Value Added Tax (VAT), and the three prior months' *Customer Revenue* or *Intercompany Revenue*. HFM calculates and provides DSO results in both local currency and U.S. dollars.



The Corporate Accounting and Reporting Group inputs VAT rates into HFM. Therefore, business units must provide the appropriate rate to the Corporate Accounting and Reporting Group as part of their monthly closing process. Business units should use the DSO provided in HFM for reporting purposes.

6.0 ADVICE AND COUNSEL

Brink's Management includes accounting and finance professionals who are available to provide assistance and guidance to ensure compliance with this policy. Interpretation of guidance provided in this policy is the responsibility of the BCO Controller. Questions about this policy should first be directed to Regional Finance Management.

7.0 RELEVANT PROFESSIONAL LITERATURE

This policy is based on good business practice supported by a system of normal checks and balances as well as segregation of duties.

8.0 DOCUMENTATION

All documentation described in this policy must be maintained at the local business unit level and will be subject to periodic review.