1.0   PURPOSE

This policy establishes general standards for recognizing and recording accrued liabilities. Liabilities related to Accounts Payable, Commitments and Contingencies, and Inter-company Transactions are addressed in separate policies. This policy does not apply to certain accrued liabilities that have specific accounting rules in U.S. GAAP, such as asset retirement obligations, income taxes, pension and other post-retirement benefits, severance costs, compensated absences, post-employment benefits, and accruals for terminating lease contracts. If the amount owed is in dispute (or otherwise contingent), management should consider the probability and possible range of payments as defined in the *Commitments and Contingencies* policy.

2.0   SCOPE

This policy applies to all Brink's corporate, regional, and country level business units.

3.0   RESPONSIBILITY

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

All obligations for the payment for goods delivered or services performed must be recognized in the accounting period for which the associated liability is incurred.

4.1   Objectives

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

5.0 PROCEDURE

5.1 <u>Background</u>

Accrued liabilities are obligations for future payment that have been incurred where typically Brink's has not yet received the related invoice from the vendor. This differs from Accounts Payable where generally, a vendor invoice has been received.

5.2 <u>Identifying Accrued Liabilities at Period-End</u>

In addition to the delivery of goods and/or services for which an invoice has not been received, accrued liabilities may also relate to progress achieved to date on a project such as IT implementation. In this case, an accrued liability may be recognized based on the estimated percentage of project completion or other reasonable basis to recognize the portion of a liability Brink's is obligated to pay.

In general, obligations that accrue with the passage of time must be recorded in the associated accounting periods such that the liability on each period's balance sheet equals the obligation owed to the third-party at that time. Obligations that accrue upon the occurrence of an event should be recorded at the time of the event.

An accrued liability must be recognized in the accounting records if the obligation for payment has been incurred on or before the last day of the accounting period.

Examples of accrued liabilities for which a vendor invoice has not been received yet may include:
- Utilities such as gas, telephone, electricity, water, etc.
- Professional fees including audit, legal, and consulting fees
- Contractual obligations incurred
- Approved travel and entertainment expenses incurred by employees before the end of the period
- Wages, bonuses, or commissions earned by employees
- Commissions due to third-parties
- IT or other project implementation
- Dividends payable
- Interest payable
- Property taxes, excise taxes, value-added taxes (VAT)
- Other trade accounts payable where a vendor invoice may have not been received

These items are examples of liabilities that must be recorded at period-end regardless of where they are mapped to in the trial balance used for U.S. GAAP reporting purposes for consolidation (HFM). Certain taxes, for example, such as VAT are mapped separately from "Accounts Payable Trade" or "Accrued Liabilities" but must still be recorded as a liability at period-end.

5.3 <u>**Valuing an Accrued Liability**</u>

Accrued liabilities are to be recorded at the actual or estimated amount to be paid. Discounting accruals to present value is generally not allowed. When actual values are not available, the amount accrued should be based on the best available information to determine a reasonable estimate such as current market price, experience/history, analytical methods, etc. Any estimate should be periodically adjusted (at least quarterly) based on changes in facts and circumstances or immediately when the actual liability amount is known or determinable.

5.4 <u>**Reconciliation and Management Review**</u>

Accruals must be recorded timely. Accounting personnel should perform a reasonable review for potential unrecorded liabilities based on the nature of expenses and complexity of the related processes each month to ensure that all accruals are appropriately captured in the accounting records. Specific procedures performed to ensure that liabilities are captured completely can be determined by local management based on the nature, potential amounts, and process associated with the potential liability.

6.0 ADVICE AND COUNSEL

Interpretation of guidance provided in this policy is the responsibility of the Corporate 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. U.S. GAAP requires that the Brink's financial statements include all liabilities and expenses that are incurred during the period.

8.0 DOCUMENTATION

Documentation supporting accrued liabilities must be maintained at the local business unit level.