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## ***Cash Held for Customers***

### **Background**

During a balance sheet review of a subsidiary of The Brink's Company ("Brink's"), we identified cash that was held in a Brink's bank account for their customer. While Brink's would never typically use this cash for its own operations, the cash had been deposited into the Brink's bank account and there were no agreements or contracts restricting the use of this cash. Since Brink's held the cash without restriction, the subsidiary has the risk of loss if anything were to happen to the cash.

When they received this type of cash, they recorded a debit to Cash when it was deposited in their bank account and recorded a credit to a contra-cash account. This entry did not have any impact on the balance sheet, as the debit and credit went to the same HFM account (1100 Cash – Local Currency).

During reviews by both Internal Audit and the Field Operations group, this type of activity has been identified in several other subsidiaries. Given the nature of our business, we would expect this type of activity in many subsidiaries that operate in the Cash in Transit business.

### **Lessons Learned**

In accordance with U.S. GAAP, if this type of activity meets the following criteria, the cash should be recorded on the balance sheet with a corresponding liability for the cash owed back to the customers:

1. The cash is deposited in a Brink's bank account
2. There are no contracts or other agreements restricting the use of this cash.
3. Risk of loss transfers to Brink's (Brink's is liable if anything were to happen to this cash).

This activity differs from "restricted cash" in that restricted cash, while it is legally ours, cannot be withdrawn from the account at any time without prior notice or penalty. Since this cash is not separately designated as cash held for the customer and Brink's can technically use this cash for their own needs, this is not restricted cash.

In HFM, this activity should be recorded as follows:

Debit	1100 Cash – Local Currency
Credit	2030_175 Cash Held for Customers

In our quarterly reporting, we disclose the amount of cash on our balance sheet that is held for other customers. In order to properly identify the amount of cash to be disclosed, it is important that all subsidiaries with this type of activity record the liability to HFM account 2030\_175.