

Edgar Filing: BRINKS CO - Form 11-K

BRINKS CO
Form 11-K
June 27, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9148

THE BRINK'S COMPANY 401(k) PLAN
(Full title of the Plan)

THE BRINK'S COMPANY
(Name of the issuer of securities held pursuant to the Plan)

P.O. BOX 18100
1801 BAYBERRY COURT
RICHMOND, VIRGINIA
(Address of issuer's principal
executive offices)

23226-8100
(Zip Code)

THE BRINK'S COMPANY 401(k) PLAN

Financial Statements and Schedules

December 31, 2002 and 2001

Edgar Filing: BRINKS CO - Form 11-K

(With Independent Auditors' Report Thereon)

2

THE BRINK'S COMPANY 401(k) PLAN

Index to Financial Statements and Schedules

December 31, 2002 and 2001

	Pages

Independent Auditors' Report	4
Financial Statements	

Statements of Net Assets Available for Benefits December 31, 2002 and 2001	5
Statements of Changes in Net Assets Available for Benefits Years Ended December 31, 2002 and 2001	6
Notes to Financial Statements	7-12
Schedules	

Schedule H, Line 4i, - Schedule of Assets (Held at End of Year) - December 31, 2002	13
Schedule H, Line 4j, - Schedule of Reportable Transactions Year Ending December 31, 2002	14

Other schedules not filed herewith are omitted because of the absence of conditions under which they are required to be filed.

3

INDEPENDENT AUDITORS' REPORT

The Pension Committee of the Board of Directors
The Brink's Company:

Edgar Filing: BRINKS CO - Form 11-K

We have audited the accompanying statements of net assets available for benefits of The Brink's Company 401(k) Plan (the "Plan") as of December 31, 2002 and 2001, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Richmond, Virginia

June 23, 2003

4

THE BRINK'S COMPANY 401(k) PLAN Statements of Net Assets Available for Benefits

(In thousands)	December 31	
	2002	2001

Assets		
Investments at fair value:		
The Brink's Company common stock	\$ 56,333	63,505
Mutual funds	73,122	78,519
Common trust funds	15,393	19,342

Edgar Filing: BRINKS CO - Form 11-K

Notes receivable from participants	13,206	14,038
Investments at contract value	57,262	54,726
<hr/>		
Total investments	215,316	230,130
<hr/>		
Receivables:		
Participant contributions	1,257	1,553
Employer contributions	699	793
Interest	56	85
<hr/>		
Total receivables	2,012	2,431
<hr/>		
Cash and cash equivalents	9	-
<hr/>		
Total assets	\$ 217,337	232,561
<hr/>		
Liabilities		
Accrued liabilities	\$ -	292
<hr/>		
Total liabilities	-	292
<hr/>		
Net assets available for benefits	\$ 217,337	232,269
<hr/>		

See accompanying notes to financial statements.

5

THE BRINK'S COMPANY 401(k) PLAN Statements of Changes in Net Assets Available for Benefits

(In thousands)	Years Ended December 31	
	2002	2001
<hr/>		
Income:		
Dividends	\$ 4,265	4,903
Interest	969	1,047
<hr/>		
Net appreciation (depreciation) in fair value of investments:		
Participant-directed	(34,884)	(11,909)
Nonparticipant-directed	4,324	5,761
<hr/>		
Net depreciation	(30,560)	(6,148)
<hr/>		
Contributions:		
Participant	21,570	19,240
Employer	11,286	9,732
Rollover	695	1,507
<hr/>		
Total additions	8,225	30,281

Edgar Filing: BRINKS CO - Form 11-K

Distributions to participants or beneficiaries	(23,157)	(18,757)
Net increase (decrease)	(14,932)	11,524
Net assets available for benefits:		
Beginning of year	232,269	220,745
End of year	\$ 217,337	232,269

See accompanying notes to financial statements.

6

THE BRINK'S COMPANY 401(k) PLAN

Notes to Financial Statements

December 31, 2002 and 2001

1. Plan Information and Summary of Significant Accounting Policies

On May 2, 2003, the shareholders of The Pittston Company approved a proposal to change the Company's name to The Brink's Company. The name change became effective on May 5, 2003. Prior to May 5, 2003, The Pittston Company traded on the New York Stock Exchange under the symbol "PZB." Beginning on May 5, 2003, The Brink's Company trades on the New York Stock Exchange under the symbol "BCO."

Also, effective May 5, 2003, The Savings-Investment Plan of The Pittston Company and its Subsidiaries was amended to change the name of the plan to The Brink's Company 401(k) Plan (the "Plan").

Description of Plan

The Plan is a voluntary defined contribution plan sponsored by The Brink's Company and participating subsidiaries (the "Company"). Prior to July 1, 2001, employees of the Company who were not members of a collective bargaining unit (unless the collective bargaining agreement provides specifically for and the Administrative Committee has approved participation) were eligible to participate after six months of full time service in which they had at least 1,000 hours of service or at least 1,000 hours of service in any twelve month period. Effective July 1, 2001, eligible employees could participate after thirty days of service. Notwithstanding employee participation in the Plan after thirty days of service, participants must complete six months of service before Company matching contributions commence. The Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The following is a general description of certain provisions of the Plan. Participants should refer to the Plan document for a more

Edgar Filing: BRINKS CO - Form 11-K

complete description of the Plan's provisions.

A participant may withdraw the following at any time without being suspended from the Plan:

- (a) All or a portion of Company matching contributions made prior to January 1, 1985;
- (b) All or a portion of after-tax contributions made prior to January 1, 1987; or
- (c) Any rollover contributions.

Any withdrawals of vested Company matching contributions made after January 1, 1985 require the employer to suspend making matching contributions on behalf of the participant for a period of six months.

The Plan generally requires that pretax savings remain in the Plan while the participant is actively employed. However, the Plan allows two exceptions:

- (a) If the participant is age 59 1/2 or older, he or she may withdraw all or a portion of his or her pretax contributions, or
- (b) If the participant has a "financial hardship" (as that term is defined by Internal Revenue Service ("IRS") guidelines) it is possible to withdraw all or a portion of his or her pretax contributions in the Plan up to the amount needed to satisfy the hardship, regardless of age.

The first exception results in a suspension of Company matching contributions for a period of six months. A hardship withdrawal results in a suspension of employee pretax contributions for twelve months.

7

Vesting Policy

A participant is 100% vested in the market value of his or her pretax contributions. Vesting in the Company matching contributions is based on years of service. Effective January 1, 2002, the Plan was amended and restated to reflect a revised vesting schedule for the Company matching contributions. Vesting in the Company matching contributions during 2002 and 2001 was based on years of service as follows:

	2002	2001
Less than 2 years	None	None
2 but less than 3 years	20%	None
3 but less than 4 years	50%	50%
4 but less than 5 years	75%	75%
5 or more years	100%	100%

If a participant ends his or her employment with the Company and is subsequently rehired, his or her prior service with the Company is counted for vesting purposes. Once a participant reaches normal retirement age, he or she is 100% vested in Company matching contributions regardless of years of service.

Edgar Filing: BRINKS CO - Form 11-K

Effective as of September 1, 2002, the Plan was amended to allow participants to diversify their matching contributions in The Brink's Company common stock to the extent of their vested balance. Accordingly, on September 1, 2002, the vested portion of participants' Company matching contributions remaining in The Brink's Company common stock was reclassified to participant-directed accounts. Nonvested participant balances in Company matching contributions continue to be classified as nonparticipant-directed.

Forfeitures by the participants of the nonvested portion of their account upon withdrawal from the Plan are used to reduce future matching contributions of the Company to the Plan. Employer contributions receivable are net of forfeitures of \$31,000 and \$62,000 at December 31, 2002 and 2001, respectively. Also, in 2002 and 2001, employer contributions were reduced by \$691,000 and \$333,000, respectively, from forfeited nonvested accounts.

Plan Termination

Although it has not expressed any intent to do so, the Company reserves the right to amend, suspend, or discontinue the Plan in whole or in part at any time by action of the Company's Board of Directors, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and present net assets available for benefits and changes in those net assets available for benefits.

The fair value of common stock, mutual fund investments and common trust fund investments is determined by using quoted market prices. The contract value (contributions made plus interest accrued at the contract rate less withdrawals and fees) of certain investments approximates fair value. Participant notes receivable are valued at cost, which approximates fair value. The cost of securities sold is determined principally on the basis of average cost, at the time of sale. Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date, and interest income is recorded on the accrual basis. Benefits are recorded when paid.

Use of Estimates

In accordance with accounting principles generally accepted in the United States of America, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ materially from those estimates.

Edgar Filing: BRINKS CO - Form 11-K

Risks and Uncertainties

The Plan provides for various investment options which invest in any combination of equities, fixed income securities and investment contracts. Investment securities are exposed to various risks, such as interest rates, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities, it is reasonably possible that changes in risk could materially affect participants' account balances and the amounts reported.

2. Participant Notes Receivable

Participants can borrow, in exchange for a promissory note, up to the lesser of \$50,000 or 50% of their aggregate vested account balance in the Plan, including rollovers, subject to certain maximum limits designated by the IRS. Each note is secured by a pledge of the participant account balance in the Plan to the extent of the unpaid balance. Repayments are generally made through level monthly payroll deductions. The term of a loan cannot exceed 5 years for general purpose loans and 15 years for principal residence loans. The interest rate charged on a participant notes receivable is one percentage point above the prime rate as published in the Wall Street Journal. Interest paid by the participant is credited to the participant's account.

3. Contributions

In 2002, each participant could designate a contribution of up to the lesser of \$11,000 or 20% of pretax earnings. In the first half of 2001, each participant could designate a contribution of up to the lesser of \$10,500 or 15% of pretax earnings. The 15% limit was increased to 20% for the second half of 2001. Amounts contributed are subject to limitations under IRS non-discrimination tests. For purposes of determining Plan contributions, pretax earnings are defined as regular pay including commissions and bonuses, but excluding overtime, premium pay and allowances. Employee contributions may be divided among investment funds, in multiples of 1%, based upon the participant's election. Participants have the option to change their contribution percentages during each pay period.

During 2002 and 2001, participant contributions to the Plan could be invested in one of several investment funds managed by T. Rowe Price Trust Company ("T. Rowe Price"). In addition, during 2002, two additional funds not managed by T. Rowe Price were added to the Plan's investment fund alternatives. Prior to September 2002, participant contributions could be invested in The Brink's Company common stock. After September 2002, no future participant contributions could be directed into The Brink's Company common stock; however, existing participant-directed balances in The Brink's Company common stock were eligible to remain in The Brink's Company common stock.

Participant contributions up to 5% of pretax earnings were matched by the Company at rates ranging from 50% to 100% in both 2002 and 2001. Company matching contributions are in the form of The Brink's Company common stock. Participants who were employees of the following wholly owned subsidiaries of the Company were matched at the following rates in 2002 and 2001:

Brink's, Incorporated	100%
Brink's Home Security	75%

Edgar Filing: BRINKS CO - Form 11-K

BAX Global Inc.	75%
Air Transport International, LLC	50%
Pittston Coal Company	50%
Pittston Minerals Ventures	50%

Employees of Brink's Administrative Services and The Brink's Company were matched at a rate of 100% in 2002 and 2001. In 2003, the Company adjusted the rates at which contributions are matched. (See Note 10).

9

4. Distributions

Upon leaving the Company for any reason and after a formal disbursement request is made by the participant, the full fair value of an employee's contributions and related investment income and all vested Company matching contributions and related investment income will be distributed in cash, except payouts from The Brink's Company stock fund which will be made in shares unless cash payment is specifically requested. The value of any fractional shares will be distributed in cash. The Plan requires that vested balances less than \$5,000 at the date of termination are to be distributed from the Plan. If a participant's employment with the Company terminates and he or she has a vested account balance of more than \$5,000, he or she may elect to leave all of his or her contributions and related investment income and the vested portion of Company contributions and related investment income in the Plan. Participants who retire on their normal retirement date may elect to defer distribution until the later of age 70 1/2 or their retirement date.

5. Related Party Transactions

Certain Plan investments are shares of mutual funds, common trusts, and investment contracts managed by T. Rowe Price, the Trustee. Additionally, the Plan invests in shares of The Brink's Company common stock. Such transactions are deemed to be party-in-interest transactions of the Plan as are all participant notes receivable.

At December 31, 2002, the Plan held 3,048,299 shares of The Brink's Company common stock valued at \$56,332,570. During 2002, 615,790 shares of The Brink's Company common stock were purchased at a total cost of \$14,005,710 and 441,020 shares with a cost basis of \$9,707,773 were sold for \$10,092,918.

At December 31, 2001, the Plan held 2,873,529 shares of The Brink's Company common stock valued at \$63,504,981. During 2001, 589,802 shares of The Brink's Company common stock were purchased at a total cost of \$12,298,953 and 359,446 shares with a cost basis of \$7,626,628 were sold for \$7,529,375.

6. Federal Income Taxes

The Plan obtained its latest determination letter on March 24, 1998, in which the Internal Revenue Service stated that the Plan, as designed, was in compliance with Section 401(a) of the Internal Revenue Code ("IRC") and accordingly, the Plan is exempt from income

Edgar Filing: BRINKS CO - Form 11-K

tax under Section 501(a) of the IRC. The Plan has since been amended and restated for the series of tax law changes and a new determination letter request was submitted to the IRS on February 27, 2002. The Company and the Plan's tax counsel believe the amended Plan continues to comply in form and operation with current tax law and the provisions of the plan document.

7. Investments

During 2002 and 2001, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value as follows:

	Years Ended December	
	2002	2001

	(In thousands)	
Appreciation (depreciation) of investments at fair value		
as determined by quoted market prices:		
The Brink's Company common stock	\$ (11,094)	6,200
Mutual funds	(15,154)	(11,160)
Common trust funds	(4,312)	(1,190)

	\$ (30,560)	(6,150)
=====		

In 2002 and 2001, participants had the option to invest in a stability fund (the "fund") generally investing in money market funds, short-term

10

investments and benefit-responsive investment contracts, including synthetic investment contracts, issued by banks, insurance companies and other high-quality issuers. The fund seeks to maintain a constant net asset value and, as a result, allows participants to withdraw all or a portion of their investment at contract value. The investment contracts held by the fund are nontransferable, but provide for these benefit-responsive withdrawals by Plan participants at the contract value. The fund is presented in the financial statements at contract value, as reported to the Plan by the Trustee. Generally, contract value approximates fair value. If an event occurs that may impair the ability of the contract issuer to perform in accordance with the contract terms, fair value may be less than contract value. The investments in the fund may have fixed rates of interest for fixed periods of time, or may have rates of interest that vary during the contract period based on the contract issuer's investment experience or on another formula applicable under the contract. The average yield on investments held by the fund was approximately 5.6% and 6.2% at December 31, 2002 and 2001, respectively. Maturities of the investment contracts held by the fund ranged from 2003 to 2039 and from 2002 to 2039 at December 31, 2002 and 2001, respectively.

Investments at fair value or contract value which represent 5% or more

Edgar Filing: BRINKS CO - Form 11-K

of the net assets available for benefits at December 31 are as follows:

	December 31	
	2002	2001

	(In thousands)	
Investment:		
The Brink's Company common stock (a)	\$ 56,333	63,505
T. Rowe Price Stable Value Common Trust Fund	57,262	54,726
T. Rowe Price Personal Strategy Balanced Fund	19,037	18,939
T. Rowe Price Equity Index Trust	15,393	19,342
T. Rowe Price Blue Chip Growth Fund	15,931	20,469
Notes receivable from participants	13,206	14,038

(a) Includes nonparticipant-directed investments in 2002 and 2001 of \$3,430 and \$59,098, respectively.

8. Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	December 31	
	2002	

	(In thousand)	
Net Assets:		
The Brink's Company common stock	\$	3,430
Employer contributions receivable to nonparticipant-directed accounts		13
Accrued liabilities		-

	\$	3,443
=====		

	Years Ended Dec	
	2002	

	(In thousands)	
Changes in Net Assets:		
Contributions to nonparticipant-directed accounts	\$	6,880
Dividends		143
Net appreciation		4,324
Distributions to participants or beneficiaries		(4,108)
Transfers to participant-directed investments (a)		(63,415)

- (a) Effective September 1, 2002, participants were allowed to diversify their matching contributions in The Brink's Company common stock to the extent of his or her vested balance. Nonvested participant balances in The Brink's Company common stock continue to be classified as nonparticipant-directed.

11

9. Reconciliation to Form 5500

The Form 5500 for the Plan reflects a reduction in net assets for deemed distributions of certain participant loans in the statements of net assets available for benefits as of December 31, 2002 and 2001, respectively. The accompanying financial statements do not include the reduction for deemed distributions as the participants to which deemed distributions relate continue to retain their net assets within the Plan. In addition, the Form 5500 for the Plan includes a liability for benefits payable in the statement of net assets available for benefits as of December 31, 2001. The accompanying financial statements do not include such a liability as benefits are recorded when paid. At December 31, 2002, there were no amounts processed and approved for payment that had not been paid by December 31, 2002.

The following reconciles net assets available for benefits and benefits paid to participants from the Form 5500 to the Plan financial statements:

	December 31	
	2002	2001
	(In thousands)	
Net assets available for benefits per the Form 5500	\$217,228	227,798
Cumulative deemed distributions	109	137
Benefits payable to participants at end of year	-	4,334
Net assets available for benefits per the Statements of Net Assets Available for Benefits	\$217,337	232,269

	Years Ended December 31	
	2002	2001
	(In thousands)	
Distributions to participants per the Form 5500	\$18,795	20,264
Changes in the amount of deemed distributions	28	(4)
Benefits payable to participants at beginning of year	4,334	2,831
Benefits payable to participants at end of year	-	(4,334)

Edgar Filing: BRINKS CO - Form 11-K

Distributions paid to participants per the		
Statements of Changes in Net Assets		
Available for Benefits	\$23,157	18,757

10. Plan Amendments

Effective June 1, 2003, the Plan was amended and restated with respect to the rates at which the Company would match participant contributions. Effective as of the first payroll on or after June 1, 2003, all participant contributions up to 5% of pretax earnings will be matched at a rate of 75%.

12

Schedule

THE BRINK'S COMPANY 401(k) PLAN
Schedule H, Line 4i, Schedule of Assets (Held at End of Year)
December 31, 2002
(In thousands, except share amounts)

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value
The Brink's Company*	185,631 shares nonparticipant directed The Brink's Company common stock \$1 par value
The Brink's Company*	2,862,668 shares of participant directed The Brink's Company common stock \$1 par value
ING Investments, LLC	321,225 shares in the ING International Value Fund
Lord Abbett	12,865 shares in Lord Abbett Mid Cap Value Fund
T. Rowe Price*	57,261,737 shares in the Stable Value Common Trust Fund
T. Rowe Price*	254,836 shares in the Spectrum Income Fund
T. Rowe Price*	331,387 shares in the Equity Income Fund
T. Rowe Price*	640,850 shares in the Equity Index Trust
T. Rowe Price*	289,765 shares in the Small Cap Value Fund
T. Rowe Price*	424,492 shares in the New Horizons Fund
T. Rowe Price*	230,493 shares in the Personal Strategy Income Fund
T. Rowe Price*	1,402,872 shares in the Personal Strategy Balanced Fund

Edgar Filing: BRINKS CO - Form 11-K

T. Rowe Price*	332,808 shares in the Personal Strategy Growth Fund
T. Rowe Price*	228,247 shares in the Science & Technology Fund
T. Rowe Price*	42,025 shares in the Mid-Cap Growth Fund
T. Rowe Price*	725,772 shares in the Blue Chip Growth Fund
Notes receivable from participants*	Participant notes receivable at interest rates ranging from 5.25% to 10.93%, maturities not to exceed 5 years for general purpose and 15 years for principal residence

The cost of participant-directed investments is not required.
 *Indicates a party-in-interest investment.
 See accompanying independent auditors' report.

13

THE BRINK'S COMPANY 401(k) PLA
 Schedule H, Line 4j, Schedule of Reportable
 For the Year Ended December 31, 2
 (In thousands, except number of purchase and

Identity of party involved	Description of asset (include interest rate and maturity n case of a loan)	Purchase Price	Selling Price	Lease Rental	Expense incurred with Transaction
The Brink's Company	The Brink's Company common stock 29 purchases	7,843	N/A	N/A	N/A
The Brink's Company	The Brink's Company common stock 224 sales	N/A	4,855	N/A	N/A

Transactions under an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account are not treated for purposes of line 4j as reportable transactions. Transactions listed represent a series of transactions in a security of the same issue in excess of 5% of the plan market value as of December 31, 2001. See accompanying independent auditors' report.

Edgar Filing: BRINKS CO - Form 11-K

14

Exhibit Index

Exhibit Number -----	Description -----
23	Consent of KPMG LLP
99	Certification pursuant to 18 U.S.C. Section 1350; as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

The Brink's Company 401(k) Plan
(Name of Plan)

/s/ Frank T. Lennon

(Frank T. Lennon
Vice President-Human Resources and
Administration of The Brink's Company)

Date: June 27, 2003

15