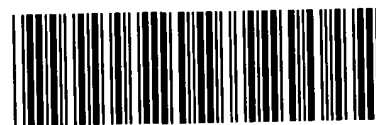


# Compass Contract Services (U.K.) Limited

Annual report and financial statements for the year ended 30 September 2021

Company Registration Number 02114954

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## Compass Contract Services (U.K.) Limited

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**Compass Contract Services (U.K.) Limited**

**Company information**

**Directors**

Donna Catley  
Charles Brown  
Jodi Lea  
Chris Chidley  
Mark Webster  
Jonathan Davies  
Morag Freathy  
Robin Mills  
Matthew Thomas  
Gareth Sharpe  
Karl Atkins

**Secretary**

Compass Secretaries Limited

**Registered office**

Parklands Court  
24 Parklands  
Birmingham Great Park  
Rubery  
Birmingham  
B45 9PZ

**Auditor**

KPMG LLP  
Chartered Accountants  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## Strategic report for the year ended 30 September 2021

### Business review

The directors present their strategic report for the year ended 30 September 2021.

The trading results for the year to 30 September 2021 and the company's financial position as at the end of the year are shown in the attached financial statements.

Our strategic focus on food, with some specialised support services, remains relevant as food is our core competency. Our procurement scale and focus on cost efficiencies give us competitive advantages which translate into greater value for clients. Our sectorised and sub sectorised approach enables us to provide tailor-made food services which meet clients' evolving needs.

With our more dynamic and sustainable food offer, digital innovation and flexible approach to serving clients, we are now even more relevant to consumers' changing needs for increased convenience and versatility. By resizing the business and creating a more flexible approach to labour, we have also refined our internal processes creating greater efficiencies. These initiatives have created a more agile operating model for the business which will enable further growth as we emerge from the pandemic.

COVID-19 required us to evolve our operations and innovate at pace. Digital and culinary initiatives, which were previously subscale, accelerated quickly as we adapted to the changing restrictions and health and safety requirements. These new models have enabled us to offer clients unique customised offers which are even more relevant as we adapt to a new normal, including hybrid working. This more agile operating model, alongside our more flexible in unit labour and reduced above unit overheads, are improving the quality of the business for the long term.

Our people and purpose are at the heart of our business. Our aim is to nurture an engaged and highly capable workforce to win new business, manage our units efficiently and effectively, and deliver the healthiest, most innovative food solutions in a way that provides a safe and exciting experience to our clients and consumers.

We use the Management and Performance (MAP) framework to drive performance across the business. MAP is a simple framework which is embedded in our culture and allows us to harness the power of the organisation by ensuring all employees are focused on the same set of performance drivers whether its winning new business, increasing consumer participation and spend, reducing food and labour costs or reducing overheads.

The company's turnover totalled £1,436 million (2020: £1,501 million), a decrease of 4.3%. The company's operating loss margin was 6.2% (2020: 5.4%) resulting in an operating loss of £89.4 million (2020: £86.7 million). The company's loss before tax is £118.9 million (2020: loss £148.9 million).

In the prior year a comprehensive restructuring exercise was undertaken to identify and update onerous contracts and costs of change required. This exercise was extended into 2021. A further £2.0m provision was created as a discounted forward loss provision on loss making contracts, £10.6m of redundancy costs were incurred in the period with a liability also carried forward for a further £1.7m.

The company employs on average 43,565 employees (2020: 54,960) across the UK.

Compass Group PLC manages its operations by sector in recognition that they have specific requirements and require specialists to drive tailor made solutions and operating efficiencies. The Group delivers service in six sectors: Business & Industry, Healthcare & Seniors, Education, Defence, Offshore & Remote, Support Services and Sports & Leisure. The company's directors believe that this sector specific approach requires no further KPI's to be presented for an understanding of the development, performance or position of the business. For our consumers, this means quicker access to sector focused best practices and market leading innovations that are delivered by our teams, from award winning chefs to service practice experts.

## Strategic report for the year ended 30 September 2021 (continued)

### Commitment to corporate responsibility

Corporate responsibility (CR) underpins our business, enabling us to achieve our strategic goals in a responsible and sustainable way. We have identified three key CR pillars that address our most material business issues. These are: Health and Wellbeing - helping people to make better nutrition choices, follow healthier lifestyles and support good mental health; Environmental Game Changers - reducing food waste and single use plastics, and promoting plant-forward meals; Better for the World - sourcing responsibly, enriching local communities and collaborating for big change.

### Principal risks & uncertainties

Risk management is an essential element of business governance and the company has risk management policies, processes and procedures in place to ensure that risks are properly identified, evaluated, and managed at the appropriate level.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators (KPIs) such as revenue growth and operating margin (as disclosed above in the business review) are integral parts of the business process, and core activities throughout the Group.

During the year, climate change was elevated to a principle risk. This decision was made in recognition of global climate change which is having an impact on all our lives. Direct impact that has the potential to materialise in the future include issues around food sourcing and our supply chains. Issues in these areas could affect the availability of some food products and may lead to food cost inflation.

A post-Brexit deal on trade and other issues was agreed in December 2020 between the UK and EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not expect any material financial or operational impact resulting from Brexit.

As we emerge from the pandemic, we are cognisant of changes in the macro economic environment such as pressure on food commodity prices, fuel and labour, and the inflationary impact these can bring to the business. The macro economic environment is kept under evaluation through regular business reviews, which provides the agility to flex our contracts and operating model accordingly.

The company has implemented a wide range of mitigating actions to adapt to a situation which continues to evolve on a daily basis. These actions include: i) steps to gradually mobilise resource as business returns to more normal levels; ii) provisions to safeguard the health and safety of employees; iii) action plans to manage costs and liquidity; and iv) incident management and business continuity plans.

### Financial instruments

#### Treasury operations

The company operates a treasury function which is responsible for managing the liquidity and interest risks associated with the company's activities.

The company's principal financial instruments comprise cash and liquid resources and various items such as trade debtors, trade creditors, accruals and prepayments that arise directly from its operations.

The main purpose of these financial instruments is to finance the company's operations.

## Strategic report for the year ended 30 September 2021 (continued)

### Principal risks & uncertainties (continued)

#### Liquidity risk

The company manages its cash requirements in order to maximise interest income whilst ensuring the company has significant liquid resources to meet the operating needs of the business.

Compass Group PLC's risks are discussed in the Group's Annual Report which does not form part of this report.

#### Future developments

Although COVID-19 has not changed our business model, the pandemic has temporarily impacted the business and the company has addressed this by reducing cost and focusing on cash. The company continues to see attractive growth opportunities in the longer term. By innovating and adapting our operations and our offering, we will ensure we continue to lead the industry and remain relevant to our clients.

#### Section 172(1) statement

Compass Contract Services (U.K.) Limited (the Company)

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging their duties under section 172 the directors have regard to both the factors set out above and others that may be considered relevant to the decisions being made. The directors acknowledge that every decision made will not necessarily result in a positive outcome for all of the Company's stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the directors aim to ensure that Board decisions are consistent and predictable.

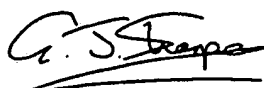
As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing the execution of the business strategy and related policies of the Company. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally stakeholder engagement best takes place at an operational or Group level. The directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. How the Group engages with its stakeholders is described on pages 28 to 31 of the Compass Group PLC Annual Report 2021 (the ARA).

**Strategic report for the year ended 30 September 2021 (continued)**

**Section 172(1) statement (continued)**

Examples of how the directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their section 172 duties, and the effect of those decisions, include the consideration of the adoption by the Company of the Compass Subsidiary Governance Code (the Code), and the Compass Group PLC Modern Slavery and Human Trafficking Statement (the MSA). In deciding whether to adopt the Code the directors considered whether its adoption would be in the best interests of its stakeholders, including its shareholders, employees and other group companies. It was concluded that formalising the governance arrangements of the Company, particularly with regard to the consideration of the stakeholder views when taking decisions would be in the best interest of stakeholders as a whole. In adopting the MSA the directors considered whether appropriate controls and procedures were in place to mitigate the risk of human trafficking within the Company's supply chains. It was concluded that adoption of the MSA statement and the Company's continued efforts in this area was in the best interests of the Company's employees and its wider stakeholder community.

Approved by the Board on 16 June 2022 and signed on its behalf by:



.....  
Gareth Sharpe  
Director



.....  
Robin Mills  
Director

## Directors' report for the year ended 30 September 2021

The directors present their annual report and the financial statements for the year ended 30 September 2021.

### Going concern

The Company has net current liabilities of £1,209m (2020: £1,259m) and generated a loss for the year then ended of £83.9m (2020: loss £118.0m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Company is expected to continue to generate positive cash flows on its own account for that period, and taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Compass Group plc, to meet its liabilities as they fall due for that period. The Directors confirm that there is no intention to cease operations. Those forecasts are dependent on the company's ultimate parent company, Compass Group plc providing additional financial support during that period and not seeking repayment of the amounts due to the group. Compass Group PLC has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### Dividends

The directors do not recommend the payment of a dividend for the year (2020: £Nil).

### Directors' of the company

The directors, who held office during the year, were as follows:

Donna Catley  
Steven Cenci (resigned 1 April 2022)  
Jodi Lea  
Mark Webster  
Charles Brown  
Jonathan Davies  
Ian Murphy (resigned 28 March 2022)  
Morag Freathy  
Alice Woodwark (resigned 31 December 2020)  
Matthew Thomas (appointed 4 January 2021)  
Sarah Sergeant (resigned 31 July 2021)  
Ian Cranna (resigned 1 April 2022)  
Robin Mills  
Chris Chidley

The following director was appointed after the year end:

Gareth Sharpe (appointed 2 November 2021)  
Karl Atkins (appointed 1 June 2022)

## Directors' report for the year ended 30 September 2021 (continued)

### Employee involvement

The company is committed to the development of employee consultation thus increasing involvement in the company's operations.

Extensive use is made of briefing meetings, in house magazines and notice boards.

The company's policy is to give full and fair consideration to the recruitment of disabled persons. Where disabled persons are employed, their training, including retraining for alternative work of employees who become disabled, and development for promotion is encouraged and assisted. Expert advice is taken on the needs of disabled employees and special equipment is provided where appropriate.

### Section 172(1) statement

#### Statement of Corporate Governance Arrangements

In compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended by The Companies (Miscellaneous Reporting) Regulations 2018, the Company hereby discloses its Statement of Corporate Governance Arrangements.

The Company's ultimate parent, Compass Group PLC, is subject to and complies with the UK Corporate Governance Code 2018. As a subsidiary of Compass Group PLC, the Company, together with other companies within the Group, is subject to and adheres with certain governance arrangements, structures and policies that are common throughout the Compass Group PLC group of companies. The specific governance arrangements adopted by the Company are defined by the Compass Subsidiary Governance Code (the Subsidiary code), the principles of which, and how the Company has applied them during the financial year ended 30 September, are detailed below.

#### Code Principle

**Purpose and Leadership** -The Board will promote the purpose of the company, and ensure that its values, strategy and culture align with that of Compass Group PLC.

**Board Compositions** - The Board will be chaired effectively and composed of individuals with the requisite balance of skills, backgrounds, experience and knowledge. Individual directors will have sufficient capacity to make a valuable contribution.

**Director responsibilities** - The Board and individual directors will have a clear understanding of their accountability and responsibilities. Board procedures will support effective decision-making and independent challenge.

#### How the Company has applied the Subsidiary Code

During the year, in accordance with their duties as directors of the Company, the directors promoted the purpose of the Company ensuring that its activities and goals were aligned to those of the Compass Group.

The directors comprising the Board are all specialists in their respective fields. The directors of the Company also comprise the executive committee of the Company, and represent and lead the Company's commercial, finance, legal and human resources functions. Each director demonstrated the capacity to make a valuable contribution to the Company and Board during the year.

A review of governance arrangements and directors' duties was undertaken during the year which refreshed the directors' knowledge of their responsibilities with respect to the Company. Board procedures were supported by the Compass Legal Department.

## Directors' report for the year ended 30 September 2021 (continued)

### Statement of Corporate Governance Arrangements (continued)

#### Code Principle

**Opportunity and risk** -The Board will promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and will establish and maintain oversight of the identification and mitigation of risks.

**Stakeholder relationships and engagement** - The Board will be responsible for ensuring maintenance of stakeholder relationships and the oversight of engagement with stakeholders, including the workforce. The Board will have regard to stakeholder views when taking decisions.

#### Employees

The Company and the Group places importance on employee engagement, keeping employees regularly informed on matters of concern to them as employees, issues affecting their performance, and promoting a common awareness of the financial and economic factors affecting the performance of the Company. For the Company's employees, engagement is achieved through management briefings, team meetings and town halls, bulletins and other in house publications and through the Group's internal communications channels. Employees are also represented on the Group's European Works Council, which provides a forum for exchanging information and engaging in consultation on the Group's performance and plans, and relevant transnational issues affecting those countries in the EEA and the UK. Feedback from employee engagement informs the directors' decision making processes, and those decisions taken and policies made on a wider Group basis. For further information on how the Group engages with employees globally see pages 32 to 39 of the ARA.

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills is of prime importance. Employment of disabled people is considered on merit with regard only to the ability of any applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. An employee becoming disabled would, where appropriate, be offered retraining.

#### Business Relationships

The Company has limited engagement with external parties such as suppliers, clients, consumers and others, this being delegated to the operational functions within the business. In the limited circumstances where the Company does interact with external business partners, in line with the Group's policies and procedures the directors promote and ensure the highest standards of ethical behaviour and probity in the Company's business dealings. For further information on how the Group fosters business relationships with its business partners see pages 28 to 31 of the ARA.

#### Political and charitable donations

The company made no political donations or incurred any political expenditure during the year (2020: £Nil).

**Directors' report for the year ended 30 September 2021 (continued)**

**Statement of Corporate Governance Arrangements (continued)**

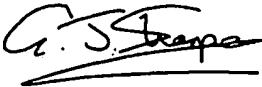
**Disclosure of information to the auditors**

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 16 June 2022 and signed on its behalf by:



.....  
Gareth Sharpe  
Director



.....  
Robin Mills  
Director

## **Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Compass Contract Services (U.K.) Limited**

### **Opinion**

We have audited the financial statements of Compass Contract Services (U.K.) Limited ("the company") for the year ended 30 September 2021 which comprise of the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related Notes, including the accounting policies set out in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the company's available financial resources over this period were those impacting Compass Group PLC (the Group), on which the company places reliance for the financial support. These were:

- the ability of the Group to respond and adapt to structural changes in the industry as a result of COVID-19

We also considered less predictable but realistic second order impacts, such as the impact of inflationary increases in the cost of labour or food and adverse changes in economic conditions, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern. We assessed the completeness of the going concern disclosure. Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period

## **Independent Auditor's Report to the Members of Compass Contract Services (U.K.) Limited (continued)**

### **Going concern (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations - ability to detect**

#### ***Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included reading of Board meeting minutes, enquiring of directors and inspection of policy documentation as to the Compass Group PLC's group policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected, or alleged fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge, of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of design and implementation of control related to management review of year-end adjustments to accrued and deferred income. We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those entries from revenue to unexpected accounts, cash and borrowings to unexpected accounts, and movement of revenue and costs between contracts.

Our procedures over revenue recognised throughout the year are designed to identify unexpected transaction pairings that impact revenue in the period. We also perform specific testing over manual journals moving revenue between contracts – our testing identified no significant issues

#### ***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors, and other management (as required by auditing standards), and from inspection of the company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part our procedures on the related financial statement items.

## **Independent Auditor's Report to the Members of Compass Contract Services (U.K.) Limited (continued)**

### **Fraud and breaches of laws and regulations - ability to detect (continued)**

#### ***Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)***

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the financial and regulated nature of the company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements;  
and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the Members of Compass Contract Services (U.K.) Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
**Mark Flanagan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 24 June 2022

**Compass Contract Services (U.K.) Limited**

**Income statement**

For the year ended 30 September 2021

	Note	2021 £000	2020 £000
Turnover	2	1,435,774	1,500,701
Operating costs		(1,525,206)	(1,587,384)
<b>Operating loss</b>	3	<u>(89,432)</u>	<u>(86,683)</u>
(Expense) / Income from associated undertaking		(13)	3,256
Other interest receivable and similar income	4	7,839	11,897
Interest payable and similar charges	5	(22,937)	(27,174)
Re-structuring costs	3, 19	(14,393)	(50,178)
<b>Loss on ordinary activities before taxation</b>	3	<u>(118,936)</u>	<u>(148,882)</u>
Tax charge on profit on ordinary activities	8	35,026	30,870
<b>Loss for the financial year</b>		<u>(83,910)</u>	<u>(118,012)</u>

The above results were derived from continuing operations.

Compass Contract Services (U.K.) Limited

**Statement of comprehensive income**

For the year ended 30 September 2021

	Note	2021 £000	2020 £000
Loss for the financial year		(83,910)	(118,012)
<b>Items that will not be recycled to profit or loss:</b>			
Actuarial gains and losses on defined benefit pension plans	22	(88,579)	(10,647)
Deferred tax on items that will not be recycled to profit or loss	9	(4,437)	(6,925)
		<u>(93,016)</u>	<u>(17,572)</u>
<b>Total comprehensive loss for the year</b>		<u>(176,926)</u>	<u>(135,584)</u>

Results relate entirely to continuing operations.

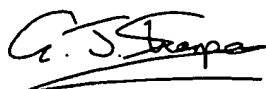
Compass Contract Services (U.K.) Limited

**Balance sheet**

As at 30 September 2021

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Goodwill	10	1,321,199	1,321,199
Intangible assets	10	55,145	47,186
Contract fulfilment assets and contract costs	11	8,046	13,783
Tangible assets	12	80,594	87,135
Right of use of assets	18	177,281	195,344
Investments	13	95,530	91,503
Pension asset	22	354,458	441,151
		<u>2,092,253</u>	<u>2,197,301</u>
<b>Current assets</b>			
Stocks	14	26,367	23,497
Debtors (including Nil (2020: £Nil) due after > 1 year	15	699,350	817,429
Cash at bank and in hand		31,329	14,586
		<u>757,046</u>	<u>855,512</u>
Creditors: Amounts falling due within one year	16	(1,966,647)	(2,114,774)
<b>Net current liabilities</b>		<u>(1,209,601)</u>	<u>(1,259,262)</u>
<b>Total assets less current liabilities</b>		<u>882,652</u>	<u>938,039</u>
Creditors: Amounts falling due after one year	17	(481,997)	(333,332)
Provisions for liabilities	19	(14,525)	(42,699)
<b>Net Assets</b>		<u>386,130</u>	<u>562,008</u>
<b>Capital and reserves</b>			
Called up share capital	20	961,505	961,505
Equity reserve		39,985	38,937
Retained earnings		(615,360)	(438,434)
<b>Shareholders' funds</b>		<u>386,130</u>	<u>562,008</u>

Approved by the Board on 16 June 2022 and signed on its behalf by:



Gareth Sharpe  
Director



Robin Mills  
Director

Compass Contract Services (U.K.) Limited

**Statement of changes in equity**

For the year ended 30 September 2021

	<b>Share capital £000</b>	<b>Equity reserves £000</b>	<b>Retained earnings £000</b>	<b>Total £000</b>
<b>At 1 October 2020</b>	961,505	38,937	(438,434)	562,008
Loss for the year	-	-	(83,910)	(83,910)
Other comprehensive income	-	-	(93,016)	(93,016)
Share based payment transactions (note 23)	-	1,048	-	1,048
<b>At 30 September 2021</b>	<u>961,505</u>	<u>39,985</u>	<u>(615,360)</u>	<u>386,130</u>

For the year ended 30 September 2020

	<b>Share capital £000</b>	<b>Equity reserves £000</b>	<b>Retained earnings £000</b>	<b>Total £000</b>
<b>At 1 October 2019</b>	961,505	38,448	(302,850)	697,103
Loss for the year	-	-	(118,012)	(118,012)
Other comprehensive income	-	-	(17,572)	(17,572)
Share based payment transactions	-	489	-	489
<b>At 30 September 2020</b>	<u>961,505</u>	<u>38,937</u>	<u>(438,434)</u>	<u>562,008</u>

## Notes to the financial statements for the year ended 30 September 2021

### 1. Accounting policies

Compass Contract Services (U.K.) Limited ("the Company") is a private company limited by share capital, incorporated, domiciled and registered in England and Wales. The registered number is 02114954, and is a subsidiary of Compass Group UK and Ireland Limited. Its registered address is: Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom.

These financial statements have been prepared in accordance with the historical cost convention, Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101), and in accordance with applicable United Kingdom laws. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Company Act 2006 (Adopted IFRSs) but makes amendments where necessary in order to comply with the CA 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Compass Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Compass Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* and any exemptions available under this statement in respect of the following disclosures:

- Cash flow statement and related notes;
- Certain disclosures regarding leases;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital commitments
- The effects of new but not yet effective IFRSs;
- Disclosure in respect of the compensation of Key Management Personnel; and
- Disclosure of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Compass Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### Basis of measurement

The financial statements have been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Going concern

The Company has net current liabilities of £1,209m (2020: £1,259m) and generated a loss for the year then ended of £83.9m (2020: loss £118.0m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Company is expected to continue to generate positive cash flows on its own account for that period, and taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Compass Group plc, to meet its liabilities as they fall due for that period. The Directors confirm that there is no intention to cease operations. Those forecasts are dependent on the company's ultimate parent company, Compass Group plc providing additional financial support during that period and not seeking repayment of the amounts due to the group. Compass Group PLC has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Functional and presentation currency

These financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest thousand, except when otherwise indicated.

#### Estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the prior year, going concern was considered to be a critical judgement due to the level of uncertainty as to the future impact on the financial performance of the Company as a result of COVID-19. This year, going concern is not considered to be a critical judgement reflecting the company's strong financial position.

The Company's major sources of estimation uncertainty are in relation to goodwill and post employment benefits on the basis that a reasonably possible change in key assumptions could have a material effect on the carrying amounts of assets and liabilities in the next 12 months.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Estimates and judgements (continued)

The Company tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 'Impairment of Assets'. The recoverable amounts of the Company's cash-generating units (CGU) have been determined based on value in use calculations which involve a higher inherent level of estimation due to the ongoing uncertainty caused by COVID-19. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. Although the impact of COVID-19 is not expected to significantly impact the long term prospects of the Company's CGUs, the size of the short term shock of the pandemic combined with higher discount rates have reduced the level of headroom in certain CGUs in comparison with the prior year. (see Note 10)

The Company's defined benefit pension schemes and similar arrangements are assessed annually. The present value of the defined benefit liabilities is based on assumptions determined with independent actuarial advice. The size of the net surplus/deficit is sensitive to the market value of the assets held by the schemes and to actuarial assumptions, which include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions.

The restructuring provision was established under IAS 37 to provide for onerous contracts, in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Assets directly attributable to the contract were first impaired. Forward loss provisions were created for remaining losses until the end of individual contracts. The future losses were calculated using estimates and assumptions approved by management and were discounted at 8.2%. An assessment of onerous contracts is made annually.

Provisions are measured at the directors best estimate of the cost of settling these liabilities and discounted to present value where the effect is material. Uncertainty would lie in trading assumptions made for future years, e.g., in revenue forecasts, inflation and cost saving initiatives. The best estimate will be the lower of exiting the contract, where that option is available, and continuing to trade at current levels adjusting for any material risks or opportunities.

#### Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions. Monetary assets and liabilities dominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate and the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on a historical cost are translated using the exchange rate at the date of the transaction.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

#### Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### Investments in debt and equity securities

Investments are stated at amortised cost less impairment. Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

#### Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Impairment excluding deferred tax assets

##### Financial assets (including trade and other debtors)

The Company measures provisions for impairment of trade debtors at an amount equal to life time expected credit losses. In determining credit risk, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, and forward looking information. The Company considers the model and the assumptions used in calculating these expected credit losses as sources of estimation uncertainty.

As a result, the carrying values of trade debtors are now reduced by the estimated future credit losses at the date of initial recognition and going forward where previously credit losses were not recognised on such assets until there was an indicator of impairment, such as a payment default.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

##### Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**1. Accounting policies (continued)**

**Tangible Assets**

All tangible fixed assets are reviewed for impairment when there are indications that the carrying value may not be recoverable. Freehold land is not depreciated. All other property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is provided on a straight line basis over the anticipated useful lives of the asset.

The following rates applied for the Company:

<b>Asset class</b>	<b>Depreciation rate</b>
Freehold land and buildings	50 years
Plant and vehicles	4-5 years
Fixtures and fittings, tools and equipment	2-10 years

When assets are sold, the difference between the sales proceeds and the carrying amount of the assets is recognised in the income statement.

**Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. An impairment loss in respect to goodwill is not reversed.

**Intangible assets**

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, at fair value as at the date of acquisition. Amortisation is charged on a straight line basis over the expected useful lives of the assets. Intangible assets are reviewed for impairment annually.

The following rates are applied by the Company:

<b>Asset class</b>	<b>Amortisation rate</b>
Contract related intangible assets	20 years
Software	4 to 8 years
Contract Advances	Depreciated over the life of the contract

The typical useful life of contract related intangibles ranges from 2 to 20 years.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

#### Defined employee benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

#### Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where the Company's parent grants rights to its equity instruments to the Group's or the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Group or the Company as the case may be account for these share-based payments as equity-settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Where a member of the Group grants cash settled awards to the Company's employees, and the Company has no obligation to settle the award, the Company accounts for these share based payments as equity settled. Amounts recharged by the parent are recognised as a recharge liability with a corresponding debit to equity.

Where the Company grants rights to its parent's equity instruments to its employees the Company accounts for these share-based payments as cash-settled.

#### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Stock

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### Government Grant

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

#### Turnover

Revenue represents income derived from contracts for the provision of food and support services by the Company to customers in exchange for consideration in the normal course of business. The Company's revenue is comprised of revenues under its contracts with clients. Clients engage the Company to provide food and support services at their locations. Depending on the type of client and service, we are paid either by our client and/or directly by the consumers to whom we have been provided access by our client, such as the client's employees, visitors, pupils, patients and spectators. Payment terms are set at contract level and vary according to country, sector and individual client.

IFRS 15 'Revenue from contracts with customers' deals with the revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

#### *Performance obligations*

The Company recognises revenue when its performance obligations are satisfied. Performance obligations are satisfied as control of the goods and services is transferred to the client and/or consumers. In certain cases, clients engage us to provide food and support services in a single multi service contract. We recognise revenue for each separate performance obligation in respect of food and support services as these are provided. There is little judgement involved in determining if a performance obligation has been satisfied.

At contract inception, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract. Performance obligations are usually clearly identified within contracts and revenue is recognised for each separate performance obligation. Generally, where the Company has the obligation to its clients to make available the provision of food service for a predetermined period, its performance obligation represents a series of services delivered over time. There are also contracts under which the Company sells products directly to consumers and these performance obligations represent a transfer of a good at a point in time.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Turnover (continued)

##### *Transaction price*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding value added tax and similar sales taxes.

The Company makes a variety of ongoing payments to clients, mainly commissions, concession rentals and reimbursement of utility costs. These are assessed for treatment as consideration paid to customers and where they are not in exchange for a distinct good or service they are recognised as a reduction of the transaction price. In addition, the Company may make a cash payment to a client typically at the start of a contract which is not an investment in service assets and does not generate or enhance the Company's resources. Such payments are reported as prepayments and, as they are considered not to be in exchange for a distinct good or service, they are charged to the income statement as a deduction to revenue recognised over the contract term rather than as an operating cost.

##### *Timing of revenue recognition*

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Company determines whether it is satisfied over time at a point in time.

The Company has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Company as the food service and/or support service are rendered at the client site. In these circumstances, revenue is recognised at the amount which the Company has the right to invoice, where that amount corresponds directly with the value to the customer of the Company's performance completed to date. Where the Company is contracted to sell directly to consumers the performance obligation is satisfied at a point in time, namely when the products are sold to the consumer.

#### Taxation

Tax expense comprises current and deferred tax, it is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for: - temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

### 1. Accounting policies (continued)

#### Taxation (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Company has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The Company allocates the consideration in the contract to each lease and non-lease component. The non-lease component, where it is separately identifiable, is not included in the right of use asset.

When a lease is recognised in a contract, the Company recognises a right of use asset and a lease liability at the lease commencement date. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets with an initial fair value less than approximately £5,000 and short term leases of 12 months or less. For these leases, the lease rentals are charged to the income statement as an operating expense on a straight line basis over the period of the lease.

The right of use asset is initially measured at cost, comprising the initial lease liability adjusted for any lease payments already made, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments that are reasonably certain and not paid at the commencement date, discounted at the Company's incremental borrowing rate specific to the term and start date of the lease. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is remeasured, with a corresponding adjustment to the right of use asset, by discounting the revised lease payments as follows:

- (i) using the initial discount rate at the inception of the lease when lease payments change as a result of changes to residual value guarantees and changes in an index other than a floating interest rate; and
- (ii) using a revised discount rate when lease payments change as a result of the Company's reassessment of whether it is reasonably certain to exercise a purchase, extension or termination option, changes in the lease term or as a result of a change in floating interest rates.

The lease term is the non cancellable period beginning at the contract commencement date plus periods covered by an option to extend the lease, if it is reasonably certain that the Company will exercise the option, and periods covered by an option to terminate the lease, if it is reasonably certain that the Company will not exercise this option.

Variable lease payments that are not included in the measurement of the lease liability are recognised in the income statement in the period in which the event or condition that triggers payment occurs.

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**1. Accounting policies (continued)**

**Expenses**

**Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**Business Combinations**

The financial statements have been prepared on a going concern basis. Subject to the transitional relief in IFRS 1, unincorporated business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company.

**Acquisitions on or after 1 January 2010**

For acquisitions on or after 1 January 2010, the company measures goodwill at the acquisition date as:

- estimated amount of contingent consideration (see below); plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

**2. Turnover**

The analysis of turnover by geographical area is as follows:

	2021	2020
	£000	£000
United Kingdom	1,435,774	1,500,701

Notes to the financial statements for the year ended 30 September 2021 (continued)

3. Expenses

Included in profit are the following:

	2021 £000	2020 £000
Raw material and consumables	322,830	424,954
Other external charges	228,558	259,704
Loss on disposal of fixed assets	4,932	1,118

Depreciation and amounts written off tangible, intangible and contract fulfilment assets:

	2021 £000	2020 £000
Owned and leased assets	28,000	30,721
Amortisation of intangible fixed assets	6,109	7,508
Amortisation of contract fulfilment assets	2,086	2,808

Other external charges include:

	2021 £000	2020 £000
Property lease rentals	1,223	2,623
Group Management charges	145	6,206
Government grants (income)	-	(113,283)
Re-structuring charge	14,393	50,178

In the prior year a comprehensive restructuring exercise was undertaken to identify and update onerous contracts and costs of change required. This exercise was extended into 2021. A further £2.0m provision was created as a discounted forward loss provision on loss making contracts, £10.7m of redundancy costs were incurred in the period with a liability also carried forward for a further £1.7m.

The Company has continued to utilise government support to mitigate the impact of the COVID-19 pandemic where appropriate. During the year ended 30 September 2021 the Company benefited from temporary wage and other support schemes and PAYE and National Insurance payment plans. In the second half of the year, the Company repaid the funds employees benefited from through the UK Government's Coronavirus Job Retention Scheme during the first half.

	2021 £000	2020 £000
Redundancy	10,663	21,178
Onerous contracts	1,992	11,000
Asset impairments	-	7,000
Other	1,738	11,000
	<u>14,393</u>	<u>50,178</u>

Notes to the financial statements for the year ended 30 September 2021 (continued)

3. Expenses (continued)

Auditor's remuneration:

	2021 £000	2020 £000
Audit of the financial statements	321	248

4. Other interest receivable and similar income

	2021 £000	2020 £000
Pension scheme interest	7,263	8,035
Other interest receivable	-	3,862
Unwinding of discount on provisions	576	-
	<u>7,839</u>	<u>11,897</u>

5. Other interest payable and similar charges

	2021 £000	2020 £000
Interest on lease liabilities	12,755	10,149
Interest on loans with group companies	10,182	16,976
Unwinding of discount on provisions	-	49
	<u>22,937</u>	<u>27,174</u>

6. Employee information

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Field	43,001	54,501
Administration	564	459
	<u>43,565</u>	<u>54,960</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £000	2020 £000
Wages and salaries	812,586	738,971
Social security costs	48,613	52,500
Share-based payment expenses	1,048	489
Pension costs	19,802	23,279
	<u>882,049</u>	<u>815,239</u>

Notes to the financial statements for the year ended 30 September 2021 (continued)

7. Directors' remuneration

	2021 £000	2020 £000
Directors' Emoluments	2,862	3,028
Pension contributions	90	116
Shares based payments	436	844
	<u>3,388</u>	<u>3,988</u>

In respect of the highest paid director:

	2021 £000	2020 £000
Directors' emoluments	421	343
Share based payments	-	451
	<u>421</u>	<u>794</u>

	2021 No.	2020 No.
Number of directors who exercised share options in the period	<u>9</u>	<u>10</u>

8. Taxation

Analysis of charge in period

	2021 £000	2020 £000
<b>UK corporation tax</b>		
Tax on income for the year	(15,291)	(27,584)
Adjustment in respect of previous years	10,794	(495)
Total current tax	<u>(4,497)</u>	<u>(28,079)</u>

**Deferred tax**

Origination and reversal of timing differences	(5,517)	(36)
Adjustments to deferred tax charge in respect of previous years	(9,757)	818
Remeasurement of deferred tax - change in UK tax rate	(15,255)	(3,573)
Total deferred tax (note 9)	<u>(30,529)</u>	<u>(2,791)</u>

Tax credit on profit on ordinary activities	<u>(35,026)</u>	<u>(30,870)</u>
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Notes to the financial statements for the year ended 30 September 2021 (continued)

8. Taxation (continued)

The tax assessed for the period is higher (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2021 of 19% (2020: 19%). The differences are explained below:

The differences are reconciled below:

	2021 £000	2020 £000
- Loss on ordinary activities before taxation	(118,936)	(148,882)
Tax at 19% (2020: 19%)	(22,598)	(28,288)
Permanent differences	2,007	893
Adjustment required under transfer pricing regulations	(217)	(225)
Adjustments to tax charge in respect of previous years	10,794	(495)
Adjustments to deferred tax charge in respect of previous years	(9,757)	818
Remeasurement of deferred tax- change in UK tax rate	(15,255)	(3,573)
Total tax charge	<u>(35,026)</u>	<u>(30,870)</u>

Factors that may affect future charges

The increase in the UK corporation tax rate from 19% to 25% was enacted in the Finance Act 2021 for profits arising after 1 April 2023. The deferred tax balances have therefore been revalued based on these rates during the year leading to the impact of change in rates disclosed above.

9. Deferred tax

The elements of deferred taxation are as follows:

	2021 £000	2020 £000
Differences between accumulated depreciation and capital allowances	64,372	33,850
Other timing differences	130	130
Deferred tax on pension assets	(87,010)	(82,301)
Share based payments	420	189
Deferred tax liability on contract intangible asset	(1,086)	(1,134)
	<u>(23,174)</u>	<u>(49,266)</u>

The movement on deferred taxation is as follows:

	2021 £000	2020 £000
Deferred tax liability at start of the financial year	(49,266)	(45,133)
- Origination and reversal of timing differences	5,517	36
- Change in deferred tax rates	15,255	3,573
- Adjustment in respect of previous years	9,757	(817)
Deferred tax credit in Other Comprehensive Income	(4,437)	(6,925)
Deferred tax at 30 September	<u>(23,174)</u>	<u>(49,266)</u>

Notes to the financial statements for the year ended 30 September 2021 (continued)

10. Intangible fixed assets

	Goodwill	Other Intangibles	Software	Contract Intangible Assets	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 October 2020	1,751,853	56,734	81,048	27,586	1,917,221
Additions	-	3,614	8,369	-	11,983
Reclassified from contract fulfilment assets	-	8,000	-	-	8,000
Disposals	-	(12,724)	(4,960)	-	(17,684)
At 30 September 2021	1,751,853	55,624	84,457	27,586	1,919,520

Accumulated amortisation and impairment provisions

At 1 October 2020	430,654	37,596	64,721	15,864	548,835
Amortisation charge	-	1,858	2,794	1,457	6,109
Reclassified from contract fulfilment assets	-	1,447	-	-	1,447
Disposals	-	(12,409)	(806)	-	(13,215)
At 30 September 2021	430,654	28,492	66,709	17,321	543,176

Net book value

At 30 September 2021	1,321,199	27,132	17,748	10,265	1,376,344
At 30 September 2020	1,321,199	19,137	16,327	11,722	1,368,385

Impairment Testing

The Directors test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Recoverable amount has been determined with reference to the value in use of the cash-generating units (CGU). The key assumptions for these calculations are externally derived long term growth rates, pre-tax discount rates and operating cash flow-forecasts (revenue and operating margins) derived from the most recent financial budgets and forecasts approved by management covering a period of up to five years. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like for like growth, and taking into consideration external economic factors, including the impact of COVID-19. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long term average growth rate for that country. The pre-tax discount rates are based on the Company's weighted average cost of capital adjusted for specific risks relating to the country in which the CGU operates.

Cash flow projections for the 5 years following the year ended 30 September 2021 include a 1.7% growth (2020: 1.7%) based on recent forecasts considering market conditions and expected contract gains. Long-term cash flow projections are based on constant growth of 1.7% (2020: 1.7%). The directors believe that the use of this growth rate as a basis for long-term projections is reasonable given current forecasted expectations and is sufficient to account for long-term sensitivities. Sensitivities have been performed on key assumptions and the goodwill is not deemed sensitive in these areas.

Given the current economic climate, a sensitivity analysis has been performed in assessing recoverable amounts of goodwill for all CGUs. This has been based on changes in key assumptions considered to be reasonably possible by management. The directors do not consider that any reasonably possible changes in the key assumptions would cause the value in use of the net operating assets of the individually significant CGUs disclosed above to fall below their carrying values.

Contract-related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract. Provision is made for any impairment.

## Notes to the financial statements for the year ended 30 September 2021 (continued)

## 11. Contract balances

Contract Costs	2021 £000	2020 £000
Contract fulfilment assets	6,774	12,470
Costs to obtain contracts	1,272	1,313
	<u>8,046</u>	<u>13,783</u>
<b>Contract fulfilment assets</b>	<b>2021 £000</b>	<b>2020 £000</b>
At 1 October	12,470	14,588
Additions	2,943	690
Reclassified to intangible assets (contract advances)	(6,553)	-
Charge for the year	(2,086)	(2,808)
At 30 September	<u>6,774</u>	<u>12,470</u>

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. When such indicators exist, the Company determines the recoverability by comparing their carrying amount to the remaining consideration that the Company expects to receive less costs associated to providing services under the relevant contract. Management is required to make an assessment of the costs that relate to providing services under the relevant contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time and anticipated profitability of the contract. If any indicator of impairment are identified, judgement is applied to ascertain whether or not the future economic benefits from these contracts are sufficient to recover these asset. The directors believe that there is no impairment required.

## 12. Tangible fixed assets

	Freehold land and buildings	Plant & vehicles	Furniture fittings, tools & equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 October 2020	275	230,400	151,380	382,055
Additions	-	11,625	12,543	24,168
Transfer from fellow group companies	-	1,039	177	1,216
Transfer to fellow group companies	-	(135)	-	(135)
Disposals	-	(15,357)	(23,974)	(39,331)
At 30 September 2021	<u>275</u>	<u>227,572</u>	<u>140,126</u>	<u>367,973</u>
<b>Depreciation</b>				
At 1 October 2020	245	166,933	127,742	294,920
Charge	14	13,211	14,775	28,000
Transfer from fellow group companies	-	1,021	177	1,198
Disposals	-	(14,503)	(22,236)	(36,739)
At 30 September 2021	<u>259</u>	<u>166,662</u>	<u>120,458</u>	<u>287,379</u>
<b>Net book value</b>				
At 30 September 2021	<u>16</u>	<u>60,910</u>	<u>19,668</u>	<u>80,594</u>
At 30 September 2020	<u>30</u>	<u>63,467</u>	<u>23,638</u>	<u>87,135</u>

## Notes to the financial statements for the year ended 30 September 2021 (continued)

## 13. Investments

	Participating interests	Shares in group under- takings	Other investments other than loans	Total
	£000	£000	£000	£000
<b>Investments</b>				
At 1 October 2020	96,056	6,487	1,535	104,078
Additions	4,005	-	22	4,027
Amortisation	-	-	-	-
At 30 September 2021	100,061	6,487	1,557	108,105
<b>Provision</b>				
At 1 October 2020	5,837	6,123	615	12,575
Increase/ (decrease) in provision	-	-	-	-
At 30 September 2021	5,837	6,123	615	12,575
<b>Carry amount</b>				
At 30 September 2021	94,224	364	942	95,530
At 30 September 2020	90,219	364	920	91,503

## Subsidiary

Details of the subsidiaries as at 30 September 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Ownership %
Bateman Healthcare Services Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	99%
Chartwells Hounslow (Feeding Futures) Limited*	Caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	75%
Compass Security Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	50%
Compass Offshore Catering Limited*	Dormant	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR.	100%
Compass Restaurant Properties Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Compass Services Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Compass Services (UK) Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Cygnnet Foods Holding Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%

Notes to the financial statements for the year ended 30 September 2021 (continued)

13. Investments (continued)

Name of subsidiary	Principal activity	Registered office	Ownership %
Eurest Prison Support Services Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Eurest Offshore Support Services Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Fairfield Catering Company Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Hamard Group Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Leisure Support Services Limited*	Property support	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Meal Service Company Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Pennine Services Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
PPP-Infrastructure Management Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
The Bateman Catering Organization Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Security Office Cleaners Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	50%
Hamard Catering Management Services Limited	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Hospital Hygiene Services Limited	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
PDM Training & Compliance Services Limited	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%

\* indicates direct investment of Compass Contract Services (U.K.) Limited

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**13. Investments (continued)**

**Associates**

The following companies are participating interests as at 30 September 2020:

<b>Name of associates</b>	<b>Principal activity</b>	<b>Registered office</b>	<b>Proportion of ownership interest and voting rights held %</b>
Twickenham Experience Limited	Hospitality services	Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA.	16%
Oval Events Limited	Hospitality services	The Oval, Kennington, London, SE11 5SS.	37.5%
Edgbaston Experience Limited	Hospitality services	County Ground, Edgbaston, Birmingham, B5 7QU.	25%
Millennium Stadium Experience Limited	Hospitality services	Principality Stadium, Westgate Street, Cardiff, Wales, CF10 1NS.	16.5%
Kerb Events Limited	Hospitality services	Clere House, 3 Chapel Place, London, EC2A 3DQ	50.0%

The investment in Twickenham Experience Limited covers 40% of voting rights and has a 30 June year end.

The investment in Oval Events Limited covers 25% of voting rights and has a 30 November year end.

The investment in Edgbaston Experience Limited covers 25% of voting rights and has a 31 December year end.

The investment in MSEL Limited covers 16.5% of voting rights and has a 30 June year end.

The investment in Kerb Events Limited was made during the year and covers 50% of voting rights and has a 31 March year end.

All the above companies are incorporated in England and Wales, with the exception of Compass Offshore Catering Limited, which is incorporated in Scotland.

**14. Stock**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	<u>26,367</u>	<u>23,497</u>

There is no material difference between the above values and the estimated replacement cost.

Raw materials, consumables and work in progress recognised as cost of sales in the year amounted to £267,618,696 (2020: £369,969,115). There was no write down or reversal of write down during the year (2020: Nil).

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**15. Debtors**

	2021 £000	2020 £000
Trade debtors	141,298	135,066
Amounts owed by other group companies	414,462	538,563
Other debtors	13,215	8,353
Corporation tax receivable	15,291	27,584
Prepayments and accrued income	115,084	107,863
	<u>699,350</u>	<u>817,429</u>

Of the above £415m amounts owed by other group companies £292m are deposit agreements with group companies that have an expiry date agreed upon written notice at an interest of 1 month LIBID LIBOR. The directors have decided that this balance will not be called upon for a period of less than 12 months from the date of signing the financial statements.

The book value of trade and other debtors approximates to their fair value due to the short term nature of the majority of the receivables.

Credit sales are only made after credit approval procedures have been completed satisfactorily. Full provision is made for debts that are not considered recoverable.

Trade debtor days at 30 September 2021 were 37 days (2020: 33 days).

**16. Creditors: Amounts falling due within one year**

	2021 £000	2020 £000
Trade creditors	107,216	80,849
Amounts owed to group undertakings	1,538,127	1,513,728
Accrued expenses and deferred income	187,081	150,251
Social security and other taxes	23,719	68,069
Other creditors	79,565	80,120
Obligations under finance leases and hire purchase contracts (note 18)	30,939	221,757
	<u>1,966,647</u>	<u>2,114,774</u>

Of the above amounts owed to other group undertakings, £253m are intercompany loans with group companies, of which £88m are group loans that are renewed annually at an interest of 6 months LIBOR and £165m of group loans that are automatically renewed annually and are interest free or have a range of interest of 1 to 6 months LIBOR.

Subsequent to the year end, the company has received confirmation that group companies will not seek repayment of balances within 12 months of the date of signing of these accounts. The directors consider that the carrying amount of trade and other creditors approximate to their fair value. The current trade and other creditors are payable on demand.

Notes to the financial statements for the year ended 30 September 2021 (continued)

17. Creditors: Amounts falling due after one year

	2021 £000	2020 £000
Deferred tax liability (see note 9)	23,174	49,266
Amounts owed to group undertakings	284,066	284,066
Obligations under finance leases and hire purchase contracts (note 18)	174,757	-
	<u>481,997</u>	<u>333,332</u>

The Directors have identified that it is appropriate to present the majority of amounts relating to obligations under finance leases and hire purchase contracts as falling due in more than one year and in making this assessment in the current year, the Directors have identified that £187,494m of obligations under finance lease and hire purchase contracts in the comparative period should also have been presented as due in more than one year. The Directors consider that the key metrics to the users of the Company financial statements are revenue and net assets and as this change has no impact on either of these metrics, and no impact on the Company's reported profit or going concern assessment, the Directors have concluded that the impact on the financial statements is not material and therefore the prior year balance has not been restated.

18. Leases

The Company's lease portfolio consists of office premises, rental of a production unit and motor vehicles. Lease terms are negotiated on an individual basis and contain a broad range of terms and conditions.

Information regarding leases for which the Company is a lessee is presented below.

	Land and buildings £000	Concessions £000	Plant and machinery £000	Fixture and fittings £000	Total £000
<b>Right of use assets</b>					
At 1 October 2020	89,423	99,320	5,815	786	195,344
Additions	-	4,597	777	38	5,412
Lease amendments	(1,093)	497	(504)	(5)	(1,105)
Depreciation expense	(7,336)	(11,952)	(2,809)	(273)	(22,370)
At 30 September 2021	<u>80,994</u>	<u>92,462</u>	<u>3,279</u>	<u>546</u>	<u>177,281</u>

Notes to the financial statements for the year ended 30 September 2021 (continued)

18. Leases (continued)

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below.

	£000
<b>Lease Liabilities Maturity Analysis</b>	
Less than 1 year	(29,016)
Between 1 and 5 years	(96,386)
Over 5 years	(176,281)
<b>Total undiscounted lease liabilities</b>	<u>(301,683)</u>
Impact of discounting	95,987
<b>Lease liabilities included in the balance sheet</b>	<u>(205,696)</u>

	£000
<b>Comprised of</b>	
Current	(30,939)
Non-current	(174,757)

	£000
<b>Amounts recognised in the income statement</b>	
Expenses relating to short term leases	14
Expenses relating to low value leases	1,091
Depreciation expense of right of use assets	22,370
Interest on lease liabilities	12,755
<b>Total</b>	<u>36,230</u>

19. Provisions for liabilities

	Onerous contracts £000	Re- structure £000	Property provision £000	Total £000
At 1 October 2020	224	42,132	343	42,699
Charged to profit and loss	-	-	5,058	5,058
Utilised in year	-	(23,761)	(4,788)	(28,549)
Unwinding of discount	-	-	24	24
Release to profit and loss account	-	-	(457)	(457)
Transfers	(20)	(4,230)	-	(4,250)
At 31 September 2021	<u>204</u>	<u>14,141</u>	<u>180</u>	<u>14,525</u>

The restructure costs charged to the P&L summarised in the table include £2.0m of onerous contract provisions, £10.7m of redundancy costs. The redundancy costs were utilised in the year and the onerous contract provisions will reduce over the life of the contract as costs are incurred.

Notes to the financial statements for the year ended 30 September 2021 (continued)

20. Called up share capital

Allotted, called up and fully paid shares

Called up share capital

	30 September 2021		30 September 2020	
	No. 000	£000	No. 000	£000
961,505,002 Called up, allotted and fully paid	961,505	961,505	961,505	961,505

21. Contingent liabilities

	2021 £000	2020 £000
Performance bonds have been taken out to the extent of	10,230	11,535

Under a group registration the company is jointly and severally liable for VAT due by the other companies within the group registration. At 30 September 2021 this contingent liability amounted to £22,859,545 (2020: £21,739,752).

22. Pensions

UK employees that are in a pension arrangement are either in the Compass Retirement Income Savings Plan (CRISP) because they meet the eligibility criteria, in a GAD section of the Compass Group Pension Plan (the Plan) or have been automatically enrolled into the National Employment Savings Trust (NEST).

CRISP was launched on 1 February 2003 and has been the main vehicle for pension provision for eligible new joiners in the UK since that date. CRISP is a defined contribution (money purchase) arrangement whereby the Group will match employee contributions up to 6% of pay (minimum 5). Within CRISP, a new defined contribution section was established from April 2006 known as the Compass Higher Income Plan (CHIP). Senior employees who contribute to CRISP are offered an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Group's discretion. A CHIP payment may be taken in part, or in whole, as a cash allowance instead of a pension contribution.

CRISP has a corporate trustee. The Chairman is a former employee of the Group. The other five trustee directors are UK based employees of the Group, three of whom have been nominated by CRISP members.

The Plan is a defined benefit arrangement. Those UK employees who transfer from the public sector under the Transfer of Undertakings (Protection of Employment) Regulations 2006, typically up until 31 March 2015, have been eligible to join the Plan, which has otherwise been closed to new entrants since 2003. Such transferees entered into the GAD sections of the Plan and are known as 'GAD members'. However, under the Government's revised guidance for 'Fair Deal for staff pensions', the expectation is and therefore the approach has been that the Group participates in the relevant public-sector pension scheme and closes the Plan to future entrants. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2019. At the valuation date the total market value of the assets of the Plan was £2,563 million which represented 106% of the benefits that had accrued to members after allowing for expected future increases in earnings.

By agreement with the trustees, the Company is no longer funding any deficit. The next triennial valuation is due to be completed as at 5 April 2022. The Plan is reappraised annually by independent actuaries in accordance with IAS 19 'Employee benefits' requirements.

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**22. Pensions (continued)**

The Plan has a corporate trustee. There is an independent chairman and one other independent trustee director. There are a further five trustee directors, who are either UK based employees or former employees of the Group (three of whom have been nominated by Plan members). The Plan operates under The Pensions Act with regulatory oversight from the Pensions Regulator.

The Company is subject to the Pension Automatic Enrolment Regulations for its workforce in the UK. All new UK employees who meet the statutory eligibility criteria, and who do not join CRISP or the Plan, are automatically enrolled into the NEST. Responsibility for the Company's ongoing compliance with the Pension Automatic Enrolment Regulations and for ensuring that the administration and investment of funds relating to automatic enrolment remain appropriate lies with the Group's Pension Automatic Enrolment Governance Committee.

**Compass group pension plan**

The High Court ruling on Guaranteed Minimum Pension (GMP) equalisation was published on 20 November 2020. As a result, and based on actuarial advice, the Group has recognised £2 million of past service costs in the income statement.

The contributions payable for defined contribution schemes of £13,151,228 (2020: £13,864,638) have been fully expensed against profits in the current year.

Other than where required by local regulation or statute, the defined benefit schemes are closed to new entrants. For these schemes the current service cost will increase under the projected unit credit method as the members of the schemes approach retirement.

The company made contributions to the Plan of £1.2m in the year (2020: £1.4m).

Disclosures showing the assets and liabilities of the Plan are set out below. These have been calculated using the following assumptions:

	30 September 2021 %	30 September 2020 %
Discount rate	2.00	1.65
Inflation	3.70	3.20
CPI inflation assumption	3.20	2.20
Rates of increase of salaries	3.70	3.20
Rates of increase of pensions in payment	3.50	3.10
Rates of increase for deferred pensions	<u>3.40</u>	<u>2.70</u>

The mortality assumptions used to value the current year UK pension schemes are derived from the S3PA generational mortality tables (2020: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2020 Continuous Mortality Investigation of the UK actuarial profession (2020: 2019 model), with an S-kappa of 7.5, with 115% weighting for male non-pensioners, 111% for male pensioners (2020: 115% weighting for male non-pensioners, 111% for male pensioners) and 102% weighting for all females (2020: 102% weighting for all females), with a long term underpin of 1.5% p.a. (2020: 1.5% p.a.). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Company estimates the average duration of the UK plans' liabilities to be 17 years (2020: 18 years) and 9 years (2020: 10 years), respectively.

Notes to the financial statements for the year ended 30 September 2021 (continued)

22. Pensions (continued)

The directors have considered the impact of the COVID-19 pandemic and, at the present time, do not believe that there is sufficient evidence to require a change in the long term mortality assumptions. The directors will continue to monitor any potential future impact on the mortality assumptions used.

Examples of the resulting life expectancies for the UK Plan are as follows:

	30 September 2021 Year	30 September 2020 Year
Current UK pensioners at retirement age - male	21.50	21.50
Current UK pensioners at retirement age - female	24.40	24.00
Future UK pensioners at retirement age - male	23.40	23.40
Future UK pensioners at retirement age - female	<u>26.60</u>	<u>26.60</u>

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of pension schemes.

**Sensitivity of principle assumptions**

Measurement of defined benefit obligations is particularly sensitive to changes in key assumptions, including discount rate, life expectancy and inflation. The sensitivities of the principal assumptions used to measure the defined benefit obligations of the schemes are set out below:

	Change in assumption	Impact on scheme deficit 2021	Impact on scheme deficit 2020
Discount rate	Increase by 0.5%	Decrease by £201m	Decrease by £209m
	Decrease by 0.5%	Increase by £214m	Increase by £226m
Inflation	Increase by 0.5%	Increase by £124m	Increase by £126m
	Decrease by 0.5%	Decrease by £99m	Decrease by £120m
CPI Inflation	Increase by 0.5%	Increase by £24m	Increase by £31m
	Decrease by 0.5%	Decrease by £24m	Decrease by £28m
Life expectations from age 65	Increase by 1 year	Increase by £107m	Increase by £110m

The sensitivities above consider the impact of the single change shown, with the other assumptions assumed to be unchanged. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). The impact of a change in the UK inflation rate shown above includes the impact of a change in both the RPI and CPI inflation rates.

Notes to the financial statements for the year ended 30 September 2021 (continued)

22. Pensions (continued)

At 30 September 2021, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of debt securities. The fair value of these assets is shown below by major category:

	30 September 2021 £000	30 September 2020 £000
Global equities quoted	119,686	134,724
UK fixed interest quoted	763,302	746,163
UK index link quoted	1,169,762	1,273,289
Corporate bonds quoted	424,656	470,499
Property funds quoted <sup>1</sup>	206,452	194,572
Cash and cash equivalents	10,822	8,763
	<u>2,694,680</u>	<u>2,828,010</u>

1. 2020 re-presented to show the UK property funds as unquoted on the basis that they are not traded on an active market.

The UK Plan has substantial holdings of diversified global equity type investments, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. In respect of investments held in global equities there is also a risk of unfavourable currency movements. The trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

The trustee also holds corporate bonds and other fixed interest securities. The risk of default on these is assessed by various rating agencies. Some of these bond investments are issued by HM Government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

Movements in the fair value of plan assets

	30 September 2021 £000	30 September 2020 £000
At 1 October	2,828,010	2,827,685
Interest income	45,974	50,111
Return on plan assets, excluding amounts included in interest income/(expense)	(95,834)	37,726
Employee contributions	99	114
Employer contributions	1,210	1,385
Benefits paid	(81,456)	(85,440)
Administrative expenses paid from plan assets	(3,323)	(3,571)
At 30 September	<u>2,694,680</u>	<u>2,828,010</u>

Notes to the financial statements for the year ended 30 September 2021 (continued)

22. Pensions (continued)

Movements in the present value of defined benefit obligations

	30 September 2021 £000	30 September 2020 £000
At 1 October	2,386,859	2,380,273
Current service cost	1,337	1,463
Past service cost	1,927	-
Interest expense on benefit obligations	38,711	42,076
Remeasurements - demographic assumptions	(5,271)	11,922
Remeasurements - financial assumptions	(1,984)	36,451
Remeasurements - experience adjustments	-	-
Employee contributions	99	114
Benefits paid	(81,456)	(85,440)
At 30 September	<u>2,340,222</u>	<u>2,386,859</u>

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

	30 September 2021 £000	30 September 2020 £000
The amounts recognised in the statement of financial position are as follows:		
Fair value of scheme assets	(2,694,680)	(2,828,010)
Present value of scheme liabilities	<u>2,340,222</u>	<u>2,386,859</u>
Defined benefit pension scheme deficit	<u>(354,458)</u>	<u>(441,151)</u>

23. Share based payments

Income statement expense

The Company recognised an expense of £1,048,200 (2020: £489,000) in respect of share-based payment transactions. The share-based payment credit for long term incentive plans reflects management's latest view in relation to vesting conditions as a result of COVID-19 pandemic. All remaining share based payment plans are equity-settled.

The expense is broken down by share based payment scheme as follows:

	2021 £000	2020 £000
Long-term incentive plans (LTIP)	643	(325)
Other share-based payment plans	405	814
	<u>1,048</u>	<u>489</u>

Long term incentive plans

The following table shows the movement in share awards during the year

	30 September 2021 Number	30 September 2020 Number
Outstanding at start of the financial year	259,505	256,781
Awarded	157,034	96,305
Transfer from fellow subsidiaries	-	28,000
Cancelled	-	(32,105)
Vested	-	(80,447)
Lapsed	(106,946)	(9,029)
Outstanding at end of the financial year	<u>309,593</u>	<u>259,505</u>

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**23. Share based payments (continued)**

**Long term incentive plans (continued)**

The fair value of awards subject to FCF and ROCE performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the FCF and ROCE forecasts.

No shares vested in 2021 due to the effect of the COVID-19 pandemic on the business performance measures (with reference to the LTIP Award for 2017-2020 that would have vested in November 2020). The weighted average share price at the date of vesting for LTIP awards that vested during 2020 (with reference to the LTIP Award for 2016-2019 that vested in November 2019) was 1,915.50 pence.

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.3 years (2020: 1.1 years).

For the year ended 30 September 2021, a Board LTIP award was made on 1 December 2020 for which the estimated fair value was 985.22 pence. Leadership LTIP awards were also made on 1 December 2020 and 18 May 2021 for which the estimated fair values were 1,041.43 pence and 1,343.20 pence respectively.

For the year ended 30 September 2020, Board LTIP awards were made on 27 November 2019 and 18 August 2020 for which the estimated fair value was 1,379.99 pence and 1,099.80 pence respectively. A Leadership LTIP award was also made on 18 August 2020 for which the estimated fair value was 1,099.80 pence.

These awards were all made under the terms of the 2010 LTIP. The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculation the fair value of LTIP awards made during the year:

**Assumptions - Long term incentive plans**

	2021	2020
Expected volatility	37.50%	31.10%
Risk free interest rate	0.40%	0.30%
Dividend yield	2.20%	2.30%
Expected life	3.0 years	2.4 years
Weighted average share price at date of grant	1,378.20p	1309.65p

**Other share-based payment plans**

The following table shows the movements in other smaller share based payments plans during the year:

	2021 Number of shares	2020 Number of shares
Outstanding at start of the financial year	129,081	70,910
Awarded	94,368	66,266
Transfers from fellow subsidiaries	-	730
Vested, released and exercised	(48,661)	(8,011)
Lapsed	(4,719)	(814)
Outstanding at end of the financial year	<u>170,069</u>	<u>129,081</u>

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**23. Share based payments (continued)**

**Other share-based payment plans (continued)**

The expense relating to these plans is not significant and no further disclosure is necessary except for the general details provided below:

**Share options**

Full details of The Compass Group Share Option Plan 2010 (CSOP 2010), the Compass Group Share Option Plan (CSOP 2000), the Compass Group Management Share Option Plan (Management Plan) (collectively the Executive and Management Share Option Plans) and the UK Sharesave Plan are set out in prior years' annual reports which are available on the Company's website.

**Restricted shares**

The plan is designed to make occasional awards to certain employees in order to incentivise the achievement of particular business objectives under specific circumstances or where similar such shares have been forfeit by a new employee on joining the Company. The plan can take different forms such as an award of shares dependent on a service or achievement of specific performance conditions other than service.

**24. Related party transactions**

As a wholly owned subsidiary, the company is exempt from disclosure of transactions with group undertakings under FRS 101. The other related party transactions are detailed below:

During the year the company had the following transactions on normal trading terms and year end balances with Quadrant Catering Limited. Quadrant's share capital is held between Compass Food Services (49%), a fellow group company and Royal Mail Group Plc (51%).

Chartwells Hounslow (Feeding Futures) Limited share capital is held by Compass Contract Services (UK) Limited (100%).

**Transactions**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Recharges to Quadrant Catering Limited	238	3,499
Recharges (from) / to Chartwells Hounslow (Feeding Futures) Limited	(367)	1,654

**Year end balances**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade (creditors) - Quadrant Catering Limited	-	(1,396)
Trade debtors - Chartwells Hounslow (Feeding Futures) Limited	290	616

**Notes to the financial statements for the year ended 30 September 2021 (continued)**

**25. Parent and ultimate parent undertaking**

The company's immediate parent undertaking is Compass Group UK and Ireland Limited.

The ultimate parent company and controlling party is Compass Group PLC. This is the largest and smallest group into which the company is consolidated.

The only group of undertakings for which group accounts are drawn up and of which the company is a member is Compass Group PLC. Copies of the group accounts referred to above can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.