Foodbuy Europe Limited

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

Company Registration Number 03952997

Contents

Company information

Directors	
	Jodi Lea Robin Mills 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 principal activity of the company is to manage client procurement services, including arrangement of supplier contracts. The trading results for the year to 30 September 2021 and the company's financial position as at the end of the period are shown in the attached financial statements.

The Company employs on average 71 employees (2020: 83) 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 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.

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 four key CR pillars that address our most material business issues. These are: developing our people, the health and wellbeing of our consumers, the responsible use of resources and environmental reporting. Working to the Science Based Targets Initiative's accredited methodologies, we will reduce the intensity of our Greenhouse Gas emissions by 50% by 2030.

Principal risks & uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in losing sales to its key competitors. The Company manages this risk by providing quality customer service to its customers and maintaining strong relationships with clients. The Company has some credit risk with a significant proportion of sales being on credit terms to clients. This risk is managed through the close relationship with clients and strong credit control procedures applied within the Company.

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 any may lead to food cost inflation.

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.

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

Future developments

We are positive about opportunities to grow the business and the directors continue to seek and develop new customers and services in order to maintain and improve performance.

The company is well placed to capitalise on the significant structural growth potential in procurement services. We also expect to deliver further operating efficiencies which will help support future growth.

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

Section 172(1) statement

Foodbuy Europe 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 Company's board (the Board) delegates authority for day-to-day management of the Company to executives and then engages management in setting, approving and overseeing execution of the business strategy and related policies. The executive committee, which comprises the directors of the Company, manages and oversees the UK and Ireland operation's health and safety, financial and operational performance and legal and regulatory compliance at regular meetings. It also reviews other areas over the course of the financial year including the business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility; and governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each executive committee meeting and through presentations to the directors as members.

During the year the directors received information which assisted in promoting their understanding of the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement. This facilitated a greater understanding of the nature of stakeholder concerns, and assisted the directors in complying with their section 172 duty to promote success of the Company. Examples of how the directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their duties under section 172, and the effect of those decisions, are set out below:

In deciding whether to adopt Compass Subsidiary Governance Code (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 stakeholder views when taking decisions, would be in the best interest of stakeholders as a whole.

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

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Gareth Sharpe
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 financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The company is expected to continue to generate positive cash flows on its own account for the forseeable future, and the Directors confirm that there is no intention to cease operations. 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 will have sufficient funds to meet its liabilities as they fall due for that period. These forecasts are dependent on Compass Group UK and Ireland Limited providing additional financial support during that period. The directors, having assessed the responses of the directors of the company's parent, Compass Group UK and Ireland Limited, to their enquiries, have no reason to believe that a material uncertainty exists, which may cast significant doubt about the ability of Foodbuy Europe Limited to continue as a going concern.

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.

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:

Jodi Lea
Ian Murphy (resigned 28 March 2022)
Sarah Sergeant (resigned 31 July 2021)
Robin Mills

The following director was appointed after the year end:
Gareth Sharpe (appointed 2 November 2021)
Karl Atkins (appointed 1 June 2022)

Political and charitable donations

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

Commitment to corporate responsibility

We recognise the material importance of tackling climate change and have set a commitment to deliver climate net zero greenhouse gas emissions by 2050 across our operations and value chain. Furthermore, we have set 2030 emissions reduction targets which have been validated by the Science Based Targets initiative to reduce our emissions in line with the 2015 Paris Agreement to limit global warming, alongside a further commitment to be carbon neutral in our own operations by 2030.

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

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.

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.

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:

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Gareth Sharpe
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 Foodbuy Europe Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Foodbuy Europe Limited ("the company") for the year ended 30 September 2021, which comprise 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 profit 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 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.

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 regulatiory 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.

Independent Auditor's Report to the Members of Foodbuy Europe Limited (continued)

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

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.

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 abilitiy 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.

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.

Independent Auditor's Report to the Members of Foodbuy Europe Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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.

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

Income statement

For the year ended 30 September 2021

	Note	2021	2020
		£	£
Turnover	2	5,701,700	6,197,078
Cost of sales		(98,595)	(1,089,797)
Gross profit		5,603,105	5,107,281
Administrative expenses		(4,542,605)	(5,762,780)
Operating profit / (loss)	3	1,060,500	(655,499)
Interest payable and similar charges		(19,501)	(22,734)
Profit/(loss) on ordinary activities before taxation		1,040,999	(678,233)
Tax (charge)/ credit on profit on ordinary activities	6	(191,497)	131,154
Profit / (loss) for the financial year		849,502	(547,079)

The above results were derived from continuing operations.

Statement of comprehensive income

For the year ended 30 September 2021

	2021	2020
	£	£
Profit/(loss) for the financial year	849,502	(547,079)
Total comprehensive income for the year	849,502	(547,079)

Results relate entirely to continuing operations.

Balance sheet

As at the year ended 30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	9	-	33,442
Tangible assets	8	227	6,712
Right of use assets	13	222,684	252,358
		222,911	292,512
Current assets			
Debtors	10	17,178,302	14,684,948
Cash overdraft /at bank and in hand		(58,837)	314,773
		17,119,465	14,999,721
Creditors: Amounts falling due within one year	11	(4,487,491)	(3,484,096)
Net current assets		12,631,974	11,515,625
Creditors: Amounts falling due after one year	12	(197,246)	-
Net assets		12,657,639	11,808,137
Capital and reserves			
Called up share capital	14	586,119	586,119
Share premium reserve		162,365	162,365
Retained earnings		11,909,155	11,059,653
Shareholders' funds		12,657,639	11,808,137

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

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Gareth Sharpe
Director

Statement of changes in equity

For the year ended 30 September 2021

	Called up share capital £	Retained earnings £	Share premium reserve £	Total £
At 1 October 2020	586,119	11,059,653	162,365	11,808,137
Total comprehensive income	-	849,502	-	849,502
At 30 September 2021	586,119	11,909,155	162,365	12,657,639

For the year ended 30 September 2019

	Called up share capital £	Retained earnings £	Share premium reserve £	Total £
At 1 October 2019	586,119	11,606,732	162,365	12,355,216
Total comprehensive income	-	(547,079)	-	(547,079)
At 30 September 2020	586,119	11,059,653	162,365	11,808,137

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

1. Accounting policies

Foodbuy Europe Limited ("the Company") is a private company limited by share capital, incorporated, and registered in England & Wales and domiciled in England. The registered number is 03952997, and is a subsidiary of Compass Group, UK and Ireland Limited. It’s registered address is: Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

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, Cardiff, United Kingdom, CF14 3UZ.

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 Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements the company has applied the exemptions available under FRS101 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 assets, intangible assets and investment property
• Disclosures with respect to capital commitments;
• Disclosures in respect of transactions with wholly owned subsidiaries;
• 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.

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

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; and
• Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

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

1. Accounting policies (continued)

Basis of measurement

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The company is expected to continue to generate positive cash flows on its own account for the forseeable future, and the Directors confirm that there is no intention to cease operations. 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 will have sufficient funds to meet its liabilities as they fall due for that period. These forecasts are dependent on Compass Group UK and Ireland Limited providing additional financial support during that period. The directors, having assessed the responses of the directors of the company's parent, Compass Group UK and Ireland Limited, to their enquiries, have no reason to believe that a material uncertainty exists, which may cast significant doubt about the ability of Foodbuy Europe Limited to continue as a going concern.

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 pound, except when otherwise indicated.

Use of 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.

Financial instruments

Non-derivative financial assets

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

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.

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

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities

All financial liabilities 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 obligation 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.

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.

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.

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 assets.

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

The following rates applied for the Company:

Asset class	Depreciation rate
Fixture and fittings	4 years
Computer equipment	3 years

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Asset class	Amortisation rate
Contract intangibles	Amortised over the life of the contract
Development costs	Amortised over the average period from which revenue expected

Revenue

Turnover 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. 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.

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

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or 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 balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Expenses

Financing income and expenses

Financing expenses comprise interest payable. 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 income statement on the date the entity’s right to receive payments is established.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Leases

At the inception of a contract, the Company assesses whether the 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 of 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 payments are charged to the income statement as an operating expense on a straight line basis over the period of the lease.

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

Leases (continued)

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 of 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 lessee's incremental borrowing rate specific to the term, country and start date of the lease. The lease liability is subsequently measured at amortised cost using the effective interest 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

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

2. Turnover

Turover, all one class of business, represents the invoiced value excluding value added tax of goods and services provided to customers.

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2021	**2020**
	£	**£**
Rendering of services	5,701,700	6,197,078

3. Operating profit

Included in profit are the following:

	2021	**2020**
	£	**£**
Depreciation - owned assets	6,485	14,770
Development costs amortisation	33,442	47,095

Auditor's remuneration:

	2021	**2020**
	£	**£**
Audit of financial statements	22,000	24,436

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

4. 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.
Directors	4	5
Other	67	78
	71	83

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

	2021 £	2020 £
Wages and salaries	3,615,012	4,201,356
Social security costs	87,146	205,642
Other pension costs	183,793	232,252
	3,885,951	4,639,250

5. Directors' remuneration

	2021 £	2020 £
Directors' Emoluments	1,065,559	1,541,998
Directors' pension contributions to money purchase schemes	37,708	39,087
	1,103,267	1,581,085

The number of directors to whom retirement benefits were accruing was as follows:

	2021 No.	2020 No.
Money purchase schemes	2	2

In respect of the highest paid director:

	2021 £	2020 £
Directors' emoluments	420,893	561,847

The directors' remuneration in borne by other group companies.

The directors did not receive any remuneration in respect of services to this company (2020: £Nil).

None of the directors are active members of a defined benefit pension scheme (2020: £Nil).

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

6. Income tax

Tax charged/(credited) in the income statement account

	2021	2020
	£	£
Current Taxation		
UK Corporation tax	200,070	(127,154)
UK Corporation tax adjustment to prior periods	3,427	(49,452)
	203,497	(176,606)
Deferred taxation		
Arising from origination and reversal of temporary differences	(1,000)	1,000
Adjustment in respect of previous year	(4,000)	46,452
Impact of change in tax rate	(7,000)	(2,000)
Total deferred taxation	(12,000)	45,452
Tax expense in the income statement account	191,497	(131,154)

The tax assessed for the period is lower (2020: lower) 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	2020
	£	£
Profit /(loss) before tax	1,040,999	(678,233)
Corporation tax at standard rate	197,790	(128,864)
Permanent timing differences	1,280	2,850
Remeasurement of deferred tax-change in UK tax rate	(7,000)	(2,000)
Adjustment in respect of previous years	(573)	(3,140)
Total tax charge	191,497	(131,154)

7. Provision for deferred tax

	2021	2020
	£	£
Accelerated capital allowances	28,879	16,879
Total provision for deferred tax	28,879	16,879
1 October	16,879	62,331
Deferred tax charged in profit and loss account (note 6)	12,000	(45,452)
Total provision for deferred tax	28,879	16,879

The increase in the UK corporation tax rate from 19% to 25% enacted in the Finance Act 2021 for profits arising after 1 April 2023. Therefore the deferred tax assets has been revalued based on these rates during the year leading to the income statement movement on rates change disclosed above.

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

8. Tangible fixed assets

	Fixtures & fittings	Computer Equipment	Total
	£	£	£
Cost			
At 1 October 2020	19,177	329,693	348,870
Additions	-	-	-
At 30 September 2021	19,177	329,693	348,870
Depreciation			
At 1 October 2020	19,177	322,981	342,158
Charge for the year	-	6,485	6,485
At 30 September 2021	19,177	329,466	348,643
Carrying amount			
At 30 September 2021	-	227	227
At 30 September 2020	-	6,712	6,712

9. Intangible fixed assets

	Development cost	Total
	£	£
Cost or valuation		
At 1 October 2020	404,212	404,212
Additions	-	-
At 30 September 2021	404,212	404,212
Amortisation		
At 1 October 2020	370,770	370,770
Amortisation charge	33,442	33,442
At 30 September 2021	404,212	404,212
Carrying amount		
At 30 September 2021	-	-
At 30 September 2020	33,442	33,442

10. Debtors

	2021	2020
	£	£
Trade debtors	1,073,592	943,489
Amounts owed by other group undertakings	15,584,430	13,062,566
Deferred tax	28,879	16,879
Prepayments and accrued income	491,401	523,077
Corporation tax	-	138,937
	17,178,302	14,684,948

The amounts due from group undertakings are loans to related entities in the Compass Group. This balance is repayable on demand however, 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.

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

11. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade Creditors	94,790	214,161
Amounts owed to group undertakings	188,520	161,477
Accruals and deferred income	3,189,826	2,116,977
Social security and other taxes	76,802	127,727
Corporation Tax	199,770	-
Other creditors	700,534	603,819
Obligations under finance leases and hire purchase contracts	37,249	259,935
	4,487,491	3,484,096

The amounts due to group undertakings are loans to related entities in the Compass Group. There are no fixed interest or repayment terms relating to these loans.

12. Creditors: Amounts falling due after one year

	2021	2020
	£	£
Obligations under finance leases and hire purchase contracts	197,246	-

13. Right of use assets

The Company's lease portfolio consists of office premises. 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	Total
	£	£
Right of use assets		
At 1 October 2020	252,000	252,000
Additions	-	-
Depreciation expense	(29,316)	(29,316)
At 30 September 2021	222,684	222,684

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

Lease Liabilities Maturity Analysis	£
Less than 1 year	(38,000)
Between 1 and 5 years	(152,000)
Over 5 years	(95,000)
Total undiscounted lease liabilities	(285,000)
Impact of discounting	50,505
Lease liabilities included in the balance sheet	(234,495)

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

13. Right of use assets (continued)

Comprised of	
Current	(37,249)
Non-current	185,435

Amounts recognised in the income statement	**£**
Expenses relating to short term leases	-
Depreciation expense of right of use assets	29,675
Interest on lease liabilities	13,505
Total	43,180

14. Share capital

Allotted, called up and fully paid shares

	30 September 2021		30 September 2020	
	No.	**£**	**No.**	**£**
586,119 ordinary shares of £1 each	586,119	586,119	586,119	586,119

15. Related party transactions

As a wholly owned subsidiary, the company is exempt from disclosure of transactions with group undertakings under FRS 101.

16. 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.