Foodbuy Europe Limited

Annual report and financial statements for the year ended 30 September 2023

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 2023

Business review

The directors present their strategic report for the year ended 30 September 2023.

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 2023 and the company's financial position as at the end of the period are shown in the attached financial statements.

The company made a loss before tax of £4,012,539 (2022: profit before tax of £932,171). The loss was generated due to interest payable on funding to make the acquisitions during the year. The underlying operating profit has increased by 22% to £1,783,594 (2022: £983,346).

During the year the Company acquired Regency Purchasing Group Limited and Regency Technologies Limited. Regency Purchasing Group is a procurement services company and Regency Technologies Limited has a self-developed technology platform, both based in Weston-super-Mare. The acquisitions were made to expand into new markets.

The Company employs on average 75 employees (2022: 73) 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.

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 2023 (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.

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 Group. 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 74 to 79 of the Compass Group PLC Annual Report 2023 (the ARA).

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 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 21 June 2024 and signed on its behalf by:

G. S. Sharpe

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Gareth Sharpe
Director

Directors' report for the year ended 30 September 2023

The directors present their annual report and the financial statements for the year ended 30 September 2023.

Going concern

Notwithstanding net current liabilities of £19,992,011 (2022: £10,029,550) as at 30 September 2023 and a loss for the year then ended of £3,426,717 (2022: profit of £743,760), 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 a component of the Compass Group PLC, one of the world's largest foodservice company. The company meets its day to day working capital requirements from operational cash flows and intercompany loan and trading balances with the group headed by Compass Group PLC.

Compass Group PLC has prepared a base case financial forecasts covering the Compass UK group companies ("the UK Group"), including the Company for at least 12 months from the date these accounts are approved. These forecasts indicate that the UK Group will have sufficient funds available under its current resources and committed facilities to continue to meets its liabilities as they fall due.

The Company has received a letter of support from Compass Group PLC indicating that it intends to provide such funds as are necessary to trade. 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 of the Company are confident that the Company will have sufficient funds to continue to meets its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on the going concern basis.

Dividends

The directors do not recommend the payment of a dividend for the year (2022: £Nil).

Directors of the company

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

Jodi Lea
Gareth Sharpe
Robin Mills
Karl Atkins

Political and charitable donations

The company made no political donations or incurred any political expenditure during the year (2022: £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 2023 (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 21 June 2024 and signed on its behalf by:

G. S. Sharpe

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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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 2023 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies 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 2023 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”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the Company’s business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period.

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.

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.

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

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 management as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they 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, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the group-wide fraud risk management controls. 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 and cash and borrowings to unexpected accounts.

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.

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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.

Andrew Cawthray

Andrew Cawthray FCA (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 21/06/2024

Income statement

For the year ended 30 September 2023

	Note	2023 £	2022 £
Turnover	2	8,478,439	6,946,091
Cost of sales		(549)	(346)
Gross profit		8,477,890	6,945,745
Administrative expenses		(6,694,296)	(5,962,399)
Operating profit	3	1,783,594	983,346
Interest payable and similar charges	4	(5,796,133)	(51,175)
Profit on ordinary activities before taxation		(4,012,539)	932,171
Tax charge on profit on ordinary activities	7	585,822	(188,411)
Profit for the financial year		(3,426,717)	743,760

The above results were derived from continuing operations.

The notes on pages 16 to 29 form an integral part of these financial statements.

Statement of comprehensive income

For the year ended 30 September 2023

	2023	2022
	£	£
Profit for the financial year	(3,426,717)	743,760
Total comprehensive income for the year	(3,426,717)	743,760

Results relate entirely to continuing operations.

The notes on pages 16 to 29 form an integral part of these financial statements.

Balance sheet

As at the year ended 30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	244,312	145,593
Investments	11	110,783,975	37,322,354
Tangible assets	9	8,548	2,534
Right of use assets	15	163,334	193,009
		111,200,169	37,663,490
Current assets			
Debtors (including £3,662,450 due after more than one year (2022: £11,163,278))	12	9,070,247	14,444,063
Cash at bank and in hand		61,775	268,488
		9,132,022	14,712,551
Creditors: Amounts falling due within one year	13	(29,124,033)	(24,742,101)
Net current liabilities		(19,992,011)	(10,029,550)
Creditors: Amounts falling due after one year	14	(81,233,476)	(14,232,541)
Net assets		9,974,682	13,401,399
Capital and reserves			
Called up share capital	16	586,119	586,119
Share premium reserve		162,365	162,365
Retained earnings		9,226,198	12,652,915
Shareholders' funds		9,974,682	13,401,399

The notes on pages 16 to 29 form an integral part of these financial statements.

Approved by the Board on 21 June 2024 and signed on its behalf by:

....
Gareth Sharpe
Director

Statement of changes in equity

For the year ended 30 September 2023

	Called up share capital £	Retained earnings £	Share premium reserve £	Total £
At 1 October 2022	586,119	12,652,915	162,365	13,401,399
Total comprehensive income	-	(3,426,717)	-	(3,426,717)
At 30 September 2023	586,119	9,226,198	162,365	9,974,682

For the year ended 30 September 2022

	Called up share capital £	Retained earnings £	Share premium reserve £	Total £
At 1 October 2021	586,119	11,909,155	162,365	12,657,639
Total comprehensive income	-	743,760	-	743,760
At 30 September 2022	586,119	12,652,915	162,365	13,401,399

The notes on pages 16 to 29 form an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2023

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.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 2023 (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

Notwithstanding net current liabilities of £19,992,011 (2022: £10,029,550) as at 30 September 2023 and a loss for the year then ended of £3,426,717 (2022: profit of £743,760), 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 a component of the Compass Group PLC, one of the world's largest foodservice company. The company meets its day to day working capital requirements from operational cash flows and intercompany loan and trading balances with the group headed by Compass Group PLC.

Compass Group PLC has prepared a base case financial forecasts covering the Compass UK group companies ("the UK Group"), including the Company for at least 12 months from the date these accounts are approved. These forecasts indicate that the UK Group will have sufficient funds available under its current resources and committed facilities to continue to meets its liabilities as they fall due.

The Company has received a letter of support from Compass Group PLC indicating that it intends to provide such funds as are necessary to trade. 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 of the Company are confident that the Company will have sufficient funds to continue to meets its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on the 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 pound, except when otherwise indicated.

Use of estimates and judgements

In preparing the financial statements in accordance with FRS 101, the Company recognizes that certain transactions and events involve the use of estimates and judgments. One such area is the calculation of deferred consideration on the acquisition of entities.

Deferred consideration represents amounts payable in the future, contingent upon the occurrence of specific conditions or the achievement of certain performance targets. The determination of the deferred consideration amount requires the exercise of judgment and the use of estimates, as it is influenced by the future financial performance of the acquired entities.

Notes to the financial statements for the year ended 30 September 2023 (continued)

1. Accounting policies (continued)

Use of estimates and judgements (continued)

The Company applies the following principles and considerations when estimating the deferred consideration:

• Identifying relevant performance targets: The determination of the deferred consideration involves the assessment of specific performance targets or milestones that the acquired entities are expected to achieve. These targets are typically identified based on contractual agreements, historical financial performance, and management's expectations of the acquired entities' future financial performance.

• Assessing the probability of achieving performance targets: The Company evaluates the probability of the acquired entities achieving the identified performance targets. This assessment considers various factors, including the historical performance of the acquired entities, market conditions, industry trends, and other relevant external and internal factors.

• Estimating the financial impact of achieving performance targets: Once the probability of achieving the performance targets is assessed, the Company estimates the financial impact of meeting these targets. This estimation involves forecasting future financial performance, considering factors such as revenue growth, cost synergies, market conditions, and other relevant indicators.

• Discounting future cash flows: In some cases, the deferred consideration is determined by discounting the estimated future cash flows associated with the achievement of performance targets. The discounting process requires the selection of an appropriate discount rate, which reflects the time value of money and the specific risks inherent in the acquired entities' operations.

It is important to note that the estimation of deferred consideration is subject to inherent uncertainties, and actual results may differ from the estimates made. Any adjustments to the deferred consideration amounts are recognized in the statement of comprehensive income in the period in which they are determined.

It is important to note that the estimation of deferred consideration is subject to inherent uncertainties, and actual results may differ from the estimates made. Any adjustments to the deferred consideration amounts are recognized in the statement of comprehensive income in the period in which they are determined.

The disclosure regarding the use of estimates and judgments in the calculation of deferred consideration on the acquisition of entities is provided to enhance the transparency and understanding of the financial statements. It acknowledges the significant impact that future financial performance can have on the determination of deferred consideration and highlights the subjectivity involved in making these estimates and judgments.

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 2023 (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 2023 (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**
Computer software	5 years

Revenue

Turnover represents income derived from contracts for the provision procurement 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. 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 2023 (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 2023 (continued)

1. Accounting policies (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

Turnover, 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:

	2023	2022
	£	£
Rendering of services	8,478,439	6,946,091

3. Operating profit

Included in profit are the following:

	2023	2022
	£	£
Depreciation - owned assets	2,586	864
Amortisation - computer software	55,474	2,468

Auditor's remuneration:

	2023	2022
	£	£
Audit of financial statements	27,055	24,595

Notes to the financial statements for the year ended 30 September 2023 (continued)

4. Interest payable and similar charges

	2023 £	2022 £
Interest on loans with group companies	1,942,162	36,625
Unwinding of discount on deferred consideration	3,836,522	-
Interest on lease liabilities	10,614	12,100
Other interest payable	6,835	2,450
	5,796,133	51,175

5. Employee information

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

	2023 No.	2022 No.
Directors	4	4
Other	71	69
	75	73

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

	2023 £	2022 £
Wages and salaries	3,286,620	2,986,901
Social security costs	382,699	371,721
Other pension costs	185,559	166,756
	3,854,878	3,525,378

Notes to the financial statements for the year ended 30 September 2023 (continued)

6. Directors' remuneration

	2023 £	2022 £
Directors' Emoluments	9,275	2,807,424
Directors' pension contributions to money purchase schemes	138	25,523
	9,413	2,832,947

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

	2023 No.	2022 No.
Money purchase schemes	4	5

In respect of the highest paid director:

	2023 £	2022 £
Directors' emoluments	4,188	1,189,960

The directors are also directors of another group undertaking or perform roles within other group undertakings and do not specifically receive remuneration in respect of the company. From 2023, the appropriate proportion of their services on behalf of the company is considered within this note.

The directors did not receive any remuneration in respect of services to this company (2022: £Nil).

None of the directors are active members of a defined benefit pension scheme (2022: £Nil).

7. Income tax

Tax charged/(credited) in the income statement account

	2023 £	2022 £
Current Taxation		
UK Corporation tax	(907,760)	180,152
UK Corporation tax adjustment to prior periods	291,680	(5,241)
	(616,080)	174,911
Deferred taxation		
Arising from origination and reversal of temporary differences	30,258	4,000
Adjustment in respect of previous year	-	9,500
Total deferred taxation	30,258	13,500
Tax expense in the income statement account	(585,822)	188,411

Notes to the financial statements for the year ended 30 September 2023 (continued)

7. Income tax (continued)

The tax assessed for the period is higher (2022: higher) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2023 of 22% (2022: 19%), calculation performed considering the tax rate of 19% until 31st March 2023 and a rate of 25% effective from 1 April 2023.

The differences are reconciled below:	2023 £	2022 £
Profit /(loss) before tax	(4,012,539)	932,171
Corporation tax at standard rate	(882,759)	177,112
Permanent timing differences	1,540	6,040
Remeasurement of deferred tax-change in UK tax rate	3,718	1,000
Adjustment in respect of previous years	291,679	4,259
Total tax charge	(585,822)	188,411

8. Provision for deferred tax

	2023 £	2022 £
Accelerated capital allowances	12,779	15,379
Other timing differences	(27,658)	-
Total provision for deferred tax	(14,879)	15,379
1 October	15,379	28,879
Deferred tax charged in profit and loss account (note 7)	(30,258)	(13,500)
Total provision for deferred tax	(14,879)	15,379

9. Tangible fixed assets

	Fixtures & fittings £	Computer Equipment £	Total £
Cost			
At 1 October 2022	19,177	332,864	352,041
Additions	2,483	6,117	8,600
At 30 September 2023	21,660	338,981	360,641
Depreciation			
At 1 October 2022	19,177	330,330	349,507
Charge for the year	430	2,156	2,586
At 30 September 2023	19,607	332,486	352,093
Carrying amount			
At 30 September 2023	2,053	6,495	8,548
At 30 September 2022	-	2,534	2,534

Notes to the financial statements for the year ended 30 September 2023 (continued)

10. Intangible fixed assets

	Computer Software	Total
	£	£
Cost or valuation		
At 1 October 2022	552,273	552,273
Additions	154,193	154,193
At 30 September 2023	706,466	706,466
Amortisation		
At 1 October 2022	406,680	406,680
Amortisation charge	55,474	55,474
At 30 September 2023	462,154	462,154
Carrying amount		
At 30 September 2023	244,312	244,312
At 30 September 2022	145,593	145,593

11. Investments

Subsidiaries

	2023	2022
	£	£
Cost or valuation		
At 1 October	37,322,354	-
Additions	73,461,621	37,322,354
Carrying amount		
At 30 September	110,783,975	37,322,354

The additions during the year relate to the acquisitions of Regency Purchasing Group Limited and Regency Technologies Limited (see strategic report).

Details of the subsidiaries as at 30 September 2023 are as follows:

Name of subsidiary	Principle activity	Registered office	Ownership % 2022	Ownership % 2023
Equinoxe Solutions Limited*	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%	100%
EF Group Ltd*	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%	100%
E-Foods Limited	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%	100%
Vivo Markets Ltd	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%	100%

Notes to the financial statements for the year ended 30 September 2023 (continued)

11. Investments (continued)

Name of subsidiary	Principle activity	Registered office	Ownership % 2022	Ownership % 2023
Air Publishing Limited	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%	100%
Regency Purchasing Group Limited*	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	0%	100%
Regency Technologies Limited	Client Procurement Services	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	0%	100%

* indicates direct investment of the Company

12. Debtors

	2023 £	2022 £
Trade debtors	1,461,523	1,220,722
Amounts owed by other group undertakings	3,662,450	11,163,278
Corporation tax	907,760	-
Deferred tax	-	15,379
Prepayments and accrued income	3,038,514	2,044,684
	9,070,247	14,444,063

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.

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade Creditors	1,444,774	216,180
Amounts owed to group undertakings	3,915,478	11,968,621
Accruals and deferred income	3,856,678	4,058,011
Social security and other taxes	474,428	381,920
Corporation Tax	-	179,102
Deferred tax	14,879	-
Other creditors	157,548	936,257
Deferred consideration	19,222,248	6,974,638
Obligations under finance leases and hire purchase contracts	38,000	27,372
	29,124,033	24,742,101

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.

Notes to the financial statements for the year ended 30 September 2023 (continued)

14. Creditors: Amounts falling due after one year

	2023	2022
	£	£
Deferred consideration	21,503,902	14,060,948
Amounts owed to group undertakings	59,586,366	-
Obligations under finance leases and hire purchase contracts	143,208	171,593
	81,233,476	14,232,541

As at 30 September 2023, Foodbuy Europe Limited has £40,413,634 undrawn credit facility (2022: £Nil) which is available until the termination date of 8 December 2025. Amounts owed to group undertakings consist of the drawings on this credit facility, these amounts are repayable in full on 8 December 2025 and interest is charged at SONIA + 1.25bps.

15. 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 2022	193,009	193,009
Additions	-	-
Depreciation expense	(29,675)	(29,675)
At 30 September 2023	163,334	163,334

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	(19,000)
Total undiscounted lease liabilities	(209,000)
Impact of discounting	27,834
Lease liabilities included in the balance sheet	(181,166)
Comprised of	
Current	(38,000)
Non-current	(143,166)

Amounts recognised in the income statement	**£**
Depreciation expense of right of use assets	29,675
Interest on lease liabilities	10,614
Total	40,289

Notes to the financial statements for the year ended 30 September 2023 (continued)

16. Share capital

Allotted, called up and fully paid shares

	30 September 2023 No.	30 September 2023 £	30 September 2022 No.	30 September 2022 £
586,119 ordinary shares of £1 each	586,119	586,119	586,119	586,119

17. Related party transactions

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

18. 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.