Compass Contract Services (U.K.) Limited

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

Company Registration Number 02114954

Contents

Company information

Directors	Charles Brown Jodi Lea Chris Chidley Mark Webster Jonathan Davies Morag Freathy Robin Mills Matthew Thomas Gareth Sharpe Karl Atkins Carol Sommerville (appointed 6 November 2023)
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 trading results for the year to 30 September 2023 and the company's financial position as at the end of the year are shown in the attached financial statements.

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

With our more dynamic and sustainable food offer, digital innovation and flexible approach to serving clients, we are now even more relevant to consumers' changing needs for increased convenience and versatility. By resizing the business and creating a more flexible approach to labour, we have also refined our internal processes creating greater efficiencies. Whilst the macroeconomic environment is uncertain, our model is resilient, and we have exited the pandemic in a strong position, leveraging our scale and expertise to achieve record levels of new business and retention.

Being the largest global player, our scale in procurement and focus on cost efficiencies give us competitive advantages that translate into greater value for clients and consumers. We are continuing to invest in our market-leading propositions in digital and ESG which are clear growth enablers in the food services market.

Our strategic focus on People, Performance and Purpose continues to underpin all that we do in our ambition to deliver value to all our stakeholders.

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

The company's turnover totalled £2,259 million (2022: £1,907 million), an increase of 18.4%. The company's operating profit margin was 0.4% (2022: loss of 0.2%) resulting in an operating profit of £9.5 million (2022: loss of £3.7 million). The company's loss before tax is £76.2 million (2022: loss £11.9 million).

The company employs on average 52,374 employees (2022: 50,012) across the UK.

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

Strategic report for the year ended 30 September 2023 (continued)

Commitment to corporate responsibility

Corporate responsibility (CR) underpins our business, enabling us to achieve our strategic goals in a responsible and sustainable way. During the year, the Corporate Responsibility Committee monitored the adoption of food waste tracking technology in operations across the Group. Reducing food waste is one of the greatest environmental challenges facing our sector and therefore one where we have the greatest potential to make a significant difference.

Principal risks & uncertainties

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

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

The democratisation of generative artificial intelligence (AI) has given widespread access to powerful online AI services for content creation. This opportunity presents several risks including breach of data confidentiality and data privacy. In response, to mitigate these risks, Compass has implemented principle-based rules that apply globally, and we are currently developing a framework for the responsible use of AI in all our markets.

The Company continues to focus on evaluating its exposure to climate change and seeks to identify potential future issues early so that sourcing and operations can be adjusted, and menus adapted appropriately. Work continues with clients and suppliers to propose, execute and measure solutions to support their efforts and those of Compass in reducing greenhouse gas (GHG) emissions. Compass has targeted climate net zero GHG emissions by 2050 alongside validated science-based targets to reduce emissions by 2030 (from a 2019 base year) in line with the 2015 Paris Agreement

Compass seeks to manage inflation by continuing to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity, and through the increased use of technology. Cost indexation in our contracts also gives Compass the contractual right to review pricing with clients. Cost action programmes and the continued oversight of supply chain costs are also mitigating the risks in this area.

Financial instruments

Treasury operations

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

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

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

Strategic report for the year ended 30 September 2023 (continued)

Principal risks & uncertainties (continued)

Liquidity risk

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

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

Future developments

Looking further ahead, we remain excited about the significant global structural growth opportunities, leading to revenue and profit growth above historical rates. With our proven model of value creation through operations and capital allocation, we will continue rewarding shareholders with compounding returns over the long term.

Section 172(1) statement

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

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

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

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

As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing the execution of the business strategy and related policies of the 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).

Strategic report for the year ended 30 September 2023 (continued)

Section 172(1) statement (continued)

Examples of how the directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their section 172 duties, and the effect of those decisions, include the consideration of the adoption by the Company of the Compass Subsidiary Governance Code (the Code), and the Compass Group PLC Modern Slavery and Human Trafficking Statement (the MSA). In deciding whether to adopt the Code the directors considered whether its adoption would be in the best interests of its stakeholders, including its shareholders, employees and other group companies. It was concluded that formalising the governance arrangements of the Company, particularly with regard to the consideration of 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:

....
Gareth Sharpe
Director

....
Robin Mills
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 £1,303m (2022: £1,213m) as at 30 September 2023 and a loss for the year then ended of £61.1m (2022: loss £10.4m), 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:

Donna Catley (resigned 9 December 2022)
Jodi Lea
Mark Webster
Charles Brown
Jonathan Davies
Morag Freathy
Matthew Thomas
Robin Mills
Chris Chidley
Gareth Sharpe
Karl Atkins
Carol Sommerville (appointed 6 November 2023)

Directors' report for the year ended 30 September 2023 (continued)

Employee involvement

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

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

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

Section 172(1) statement

Statement of Corporate Governance Arrangements

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

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

Code Principle	How the Company has applied the Subsidiary Code
Purpose and Leadership - The Board will promote the purpose of the company, and ensure that its values, strategy and culture align with that of Compass Group PLC**.**	During the year, in accordance with their duties as directors of the Company, the directors promoted the purpose of the Company ensuring that its activities and goals were aligned to those of the Compass Group.
Board Compositions - The board will be chaired effectively and composed of individuals with the requisite balance of skills, backgrounds, experience and knowledge. Individual directors will have sufficient capacity to make a valuable contribution.	The directors comprising the Board are all specialists in their respective fields. The directors of the Company also comprise the executive committee of the Company, and represent and lead the Company's commercial, finance, legal and human resources functions. Each director demonstrated the capacity to make a valuable contribution to the Company and Board during the year.
Director responsibilities - The board and individual directors will have a clear understanding of their accountability and responsibilities. Board procedures will support effective decision-making and independent challenge.	A review of governance arrangements and directors' duties was undertaken during the year which refreshed the directors' knowledge of their responsibilities with respect to the Company. Board procedures were supported by the Compass Legal Department.

Directors' report for the year ended 30 September 2023 (continued)

Statement of Corporate Governance Arrangements (continued)

Code Principle	How the Company has applied the Subsidiary Code
Opportunity and risk - The Board will promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and will establish and maintain oversight of the identification and mitigation of risks.	Opportunities and existing and emerging risks were managed in line with the strategy and risk profile of Compass Group PLC which prepares consolidated accounts for the Compass Group, further details of which can be found on pages 24 to 30 of the Compass Group PLC Annual Report 2023.
Stakeholder relationships and engagement - The Board will be responsible for ensuring maintenance of stakeholder relationships and the oversight of engagement with stakeholders, including the workforce. The Board will have regard to stakeholder views when taking decisions.	The Board ensured that stakeholder relationships as were relevant to the status and purpose of the Company were maintained in line with Compass Group PLC policies and procedures. Details of how the directors considered stakeholders in the decision making process can be found in the S172 statement.

Employees

Compass is uniquely positioned to create lifetime opportunities and to positively impact and represent the communities in which its businesses operate, creating empowered teams by developing diverse talent and leaders who foster an inclusive culture that enables everyone to be themselves.

At Compass, we know that our success is largely down to the skills and ingenuity of our chefs and front line teams. They lead the way in providing sustainable and safe food at scale, promoting healthier choices and creating great experiences for the people we serve. We feel uniquely positioned to create lifetime opportunities for our people and positively impact the communities in which we operate.

We work to ensure that people who want to pursue a career in the food and hospitality industry can succeed with Compass. We encourage new joiners to make use of innovative tools, such as digital onboarding applications and training programmes, with more than 1,500 colleagues in our UK & Ireland business signing up to our landmark training and development scheme, Compass Career Pathways. Pleasingly, over 50% of those who have completed the programme have moved or been promoted into a new role.

Our UK&I business demonstrates leadership commitment to diversity with its reverse mentoring programme, which partners senior leaders with colleagues from ethnically diverse backgrounds across the business to share knowledge and deepen mutual understanding.

Compass launched a Social Partner career hub as part of its Mission to a Million Social Promise. The hub supports candidates who face barriers to entering the job market, including ex-offenders, people leaving care, the long-term unemployed and people with disabilities. In a new tailored recruitment process, the hub works with partner organisations to match candidates with job opportunities and internships within the business. Training in relation to autism has been provided to unit managers to understand the challenges candidates face and deliver a supportive, inclusive and personalised hiring process.

Ex-military personnel bring unique skill sets and insights to the business. Compass Group UK&I has an estimated 1,000 employees who are part of the Armed Forces community and has reiterated its support for the Armed Forces by re-signing the Armed Forces Covenant. The business holds the Gold Employer Recognition Scheme award and has expanded the pledges to include a policy supporting the redeployment of spouses of serving military personnel.

Directors' report for the year ended 30 September 2023 (continued)

Statement of Corporate Governance Arrangements (continued)

Business Relationships

The directors regard positive business relationships with suppliers, clients, consumers and others as critical to the Company's long-term success. The Group's culture, values and behaviours support open and honest engagement with its stakeholders. High standards of ethical behaviour and probity are maintained in all Compass' business dealings. For further information on how the Company fosters business relationships and how the directors have had regard to stakeholders' interests in their principal decision-making processes see pages 74 to 81 of the Compass Group PLC Annual Report 2023.

Political and charitable donations

The company made no political donations or incurred any political expenditure during the year (2022: £Nil).

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:

....	....
Gareth Sharpe	Robin Mills
Director	Director

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

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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

Opinion

We have audited the financial statements of Compass Contract Services (U.K.) Limited ("the Company") for the year ended 30 September 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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. 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 risk that we considered most likely to adversely affect the Group's available financial resources over this period was the impact of elevated input cost inflation on the Group's performance and the ability of the Group to mitigate and recover the medium-term impact of persistent inflation.

We also considered less predictable but realistic second-order impacts, such as a significant decline in volumes as a consequence of a global economic downturn.

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

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

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;
- we found the going concern disclosure in note 1 to be acceptable.

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 Compass Contract Services (U.K.) 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

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

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

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

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.

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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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 £000	2022 £000
Turnover	2	2,259,463	1,907,467
Operating costs		(2,249,923)	(1,911,156)
Operating income/(loss)	3	**9,540**	**(3,689)**
Income from associated undertaking		8,883	10,484
Other interest receivable and similar income	4	31,036	7,066
Interest payable and similar charges	5	(19,773)	(20,534)
Re-structuring costs	3, 19	(105,841)	(5,255)
Loss on ordinary activities before taxation	3	**(76,155)**	**(11,928)**
Tax charge on profit on ordinary activities	8	15,024	1,506
Loss for the financial year		**(61,131)**	**(10,422)**

The above results were derived from continuing operations.

The accompanying notes form part of these financial statements.

Statement of comprehensive income

For the year ended 30 September 2023

	Note	2023 £000	2022 £000
Loss for the financial year		(61,131)	(10,422)
Items that will not be recycled to profit or loss:			
Actuarial gains and losses on defined benefit pension plans	22	(177,776)	223,229
Deferred tax on items that will not be recycled to profit or loss	9	44,414	(55,807)
		(133,362)	167,422
Total comprehensive loss for the year		(194,493)	157,000

Results relate entirely to continuing operations.

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 September 2023

	Note	2023 £000	2022 £000
Fixed assets			
Goodwill	10	1,317,707	1,321,199
Intangible assets	10	49,225	51,435
Contract fulfilment assets and contract costs	11	10,295	6,834
Tangible assets	12	82,874	82,075
Right of use of assets	18	126,527	163,839
Investments	13	101,197	97,722
Pension asset	22	429,710	580,947
		2,117,535	2,304,051
Current assets			
Stocks	14	34,152	33,257
Debtors (including £436m (2022: £428m) due after > 1 year)	15	824,542	762,831
Cash at bank and in hand		7,978	27,475
		866,672	823,563
Creditors: Amounts falling due within one year	16	(2,169,698)	(2,036,633)
Net current liabilities		**(1,303,026)**	**(1,213,070)**
Total assets less current liabilities		**814,509**	**1,090,981**
Creditors: Amounts falling due after one year	17	(440,053)	(535,035)
Provisions for liabilities	19	(18,836)	(10,047)
Net Assets		**355,620**	**545,899**
Capital and reserves			
Called up share capital	20	961,505	961,505
Equity reserve		46,968	42,754
Retained earnings		(652,853)	(458,360)
Shareholders' funds		**355,620**	**545,899**

The accompanying notes form part of these financial statements.

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

G. S. Sharpe Robin Mills

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Gareth Sharpe
Director

Robin Mills
Director

Statement of changes in equity

For the year ended 30 September 2023

	Share capital £000	Equity reserves £000	Retained earnings £000	Total £000
At 1 October 2022	961,505	42,754	(458,360)	545,899
Loss for the year	-	-	(61,131)	(61,131)
Other comprehensive income	-	-	(133,362)	(133,362)
Share based payment transactions (note 23)	-	4,214	-	4,214
At 30 September 2023	961,505	46,968	(652,853)	355,620

For the year ended 30 September 2022

	Share capital £000	Equity reserves £000	Retained earnings £000	Total £000
At 1 October 2021	961,505	39,985	(615,360)	386,130
Loss for the year	-	-	(10,422)	(10,422)
Other comprehensive income	-	-	167,422	167,422
Share based payment transactions	-	2,769	-	2,769
At 30 September 2022	961,505	42,754	(458,360)	545,899

The accompanying notes form part of these financial statements.

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

1. Accounting policies

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

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

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

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.

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

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

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

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

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

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

Basis of measurement

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

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

1. Accounting policies (continued)

Going concern

Notwithstanding net current liabilities of £1,303m (2022: £1,213m) as at 30 September 2023 and a loss for the year then ended of £61.1m (2022: loss £10.4m), 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 thousand, except when otherwise indicated.

Estimates and judgements

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

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

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

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

1. Accounting policies (continued)

Estimates and judgements (continued)

The Company tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 'Impairment of Assets'. The recoverable amounts of the Company's cash-generating units (CGU) have been determined based on value in use calculations which involve a higher inherent level of estimation due to the ongoing uncertainty in the UK economy. These calculations require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. (see Note 10)

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

Foreign currency

Foreign currency transactions

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

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

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

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

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

1. Accounting policies (continued)

Non-derivative financial instruments

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

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

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

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

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

Trade and other debtors

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

Trade and other creditors

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

Investments in debt and equity securities

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

Cash and cash equivalents

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

Share capital

Ordinary shares

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

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

1. Accounting policies (continued)

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

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

Non-financial assets

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

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

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

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

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

Notes to the financial statements for the year ended 30 September 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 asset.

The following rates applied for the Company:

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

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

Goodwill

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

Intangible assets

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

The following rates are applied by the Company:

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

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

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

1. Accounting policies (continued)

Defined contribution plan

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

Defined employee benefit plan

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

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

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

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

Other long-term employee benefits

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

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

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

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

1. Accounting policies (continued)

Short-term employee benefits

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

Share-based payment transactions

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

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

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

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

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

Provisions

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

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

1. Accounting policies (continued)

Stock

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

Government Grant

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

Turnover

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

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

Performance obligations

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

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

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

1. Accounting policies (continued)

Turnover (continued)

Transaction price

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

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

Timing of revenue recognition

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

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

Taxation

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

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

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

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

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

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

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

1. Accounting policies (continued)

Taxation (continued)

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

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

Leases

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

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

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

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

(i) using the initial discount rate at the inception of the lease when lease payments change as a result of changes to residual value guarantees and changes in an index other than a floating interest rate; and

(ii) using a revised discount rate when lease payments change as a result of the Company’s reassessment of whether it is reasonably certain to exercise a purchase, extension or termination option, changes in the lease term or as a result of a change in floating interest rates.

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

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

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

1. Accounting policies (continued)

Expenses

Interest receivable and Interest payable

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

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

Business Combinations

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

Acquisitions on or after 1 January 2010

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

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

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

2. Turnover

The analysis of turnover by geographical area is as follows:

	2023 £000	2022 £000
United Kingdom	2,259,463	1,907,467

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

3. Expenses

Included in profit are the following:

	2023 £000	2022 £000
Raw material and consumables	668,250	522,252
Other external charges	371,803	305,323
Loss on disposal of fixed assets	71	727

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

	2023 £000	2022 £000
Depreciation - owned assets	26,387	26,065
Depreciation - leased assets	20,692	22,147
Impairment - portfolio review	49,389	-
Impairment - other	621	7,628
Amortisation of intangible fixed assets	11,276	9,519
Amortisation of contract fulfilment assets	1,281	1,587

Other external charges include:

	2023 £000	2022 £000
Group Management charges	2,817	2,431
Re-structuring charges	105,841	5,255

During the year, the Office for Budget Responsibility (OBR) released their latest economic and fiscal outlook. This highlighted; energy and food supply shocks & prices, interest rates rising and the squeeze on consumer spending due to the erosion of real wages. Therefore this triggered management to review the portfolio of UK operations to identify areas that were most impacted by these economic changes. This review led to site closures, contract renegotiations and terminations within the UK.

Re-structuring charges include:

	2023 £000	2022 £000
Redundancy	2,244	3,158
Group restructuring	3,454	-
Supplier renegotiation costs	28,639	-
Impairment - right of use assets	43,387	-
Impairment - tangible assets	5,960	-
Impairment - intangible assets	42	-
Onerous contracts & exit provisions	16,240	-
Dilapidations	2,333	-
Other	3,542	2,097
	105,841	5,255

Auditor's remuneration:

	2023 £000	2022 £000
Audit of the financial statements	394	358

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

4. Other interest receivable and similar income

	2023 £000	2022 £000
Pension scheme interest	30,973	7,063
Other interest receivable	63	3
	31,036	7,066

5. Other interest payable and similar charges

	2023 £000	2022 £000
Interest on lease liabilities	12,145	11,785
Interest on loans with group companies	7,617	8,738
Unwinding of discount on provisions	11	11
	19,773	20,534

6. 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.
Field	51,716	49,084
Administration	658	928
	52,374	50,012

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

	2023 £000	2022 £000
Wages and salaries	1,043,506	899,500
Social security costs	68,780	59,298
Share-based payment expenses	4,214	2,769
Pension costs	23,604	21,757
	1,140,104	983,324

Wages and salaries includes £132,750,065 of agency labour costs (2022: £86,267,447).

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

7. Directors' remuneration

	2023 £000	2022 £000
Directors' Emoluments	4,491	5,610
Pension contributions	84	83
Shares based payments	1,261	583
	5,836	6,276

In respect of the highest paid director:

	2023 £000	2022 £000
Directors' emoluments	787	1,014
Share based payments	330	176
	1,117	1,190

The directors are also directors of another group undertaking or perform roles within other group undertakings. From 2023, the appropriate proportion of their services on behalf of the company is considered within this note.

	2023 No.	2022 No.
Number of directors who exercised share options in the period	10	6

8. Taxation

Analysis of charge in period

	2023 £000	2022 £000
UK corporation tax		
Tax on income for the year	(12,453)	1,988
Adjustment in respect of previous years	17	(7,491)
Total current tax	(12,436)	(5,503)
Deferred tax		
Origination and reversal of timing differences	(1,888)	(5,872)
Impact of changes in statutory tax rates	(524)	11,686
Adjustments to deferred tax charge in respect of previous years	(176)	(1,817)
Total deferred tax (note 9)	(2,588)	3,997
Tax credit on profit on ordinary activities	(15,024)	(1,506)

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

8. Taxation (continued)

The tax assessed for the period is higher (2022: lower) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2023 of 22% (2022: 19%).

The differences are reconciled below:

	2023 £000	2022 £000
Loss on ordinary activities before taxation	(76,155)	(11,928)
Tax at 22% (2022: 19%)	(16,754)	(2,266)
Permanent differences	2,795	(1,453)
Adjustment required under transfer pricing regulations	(382)	(165)
Adjustments to tax charge in respect of previous years	17	(7,491)
Adjustments to deferred tax charge in respect of previous years	(176)	11,686
Impact of changes in statutory tax rates	(524)	(1,817)
Total tax credit	(15,024)	(1,506)

9. Deferred tax

The elements of deferred taxation are as follows:

	2023 £000	2022 £000
Differences between accumulated depreciation and capital allowances	68,060	59,842
Other timing differences	1,020	32
Deferred tax on pension assets	(105,631)	(143,111)
Share based payments	1,584	1,163
Deferred tax liability on contract intangible asset	(1,009)	(904)
	(35,976)	(82,978)

The movement on deferred taxation is as follows:

	2023 £000	2022 £000
Deferred tax liability at start of the financial year	(82,978)	(23,174)
- Origination and reversal of timing differences	2,412	7,689
- Adjustment in respect of previous years	176	(11,686)
Deferred tax credit in Other Comprehensive Income	44,414	(55,807)
Deferred tax at 30 September	(35,976)	(82,978)

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

10. Intangible fixed assets

	Goodwill	Other Intangibles	Software	Contract Intangible Assets	Total
	£000	£000	£000	£000	£000
Cost					
At 1 October 2022	1,751,853	53,862	89,402	22,910	1,918,027
Additions	-	6,714	2,822	-	9,536
Disposals	(3,492)	(1,604)	(70)	-	(5,166)
At 30 September 2023	1,748,361	58,972	92,154	22,910	1,922,397
Accumulated amortisation and impairment provisions					
At 1 October 2022	430,654	30,216	70,732	13,791	545,393
Amortisation charge	-	5,561	4,544	1,171	11,276
Impairments	-	440	3	-	443
Disposals	-	(1,604)	(43)	-	(1,647)
At 30 September 2023	430,654	34,613	75,236	14,962	555,465
Net book value					
At 30 September 2023	1,317,707	24,359	16,918	7,948	1,366,932
At 30 September 2022	1,321,199	23,646	18,670	9,119	1,372,634

Impairment Testing

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

Cash flow projections for the 5 years following the year ended 30 September 2023 include a 2.1% growth (2022: 2.3%) based on recent forecasts considering market conditions and expected contract gains. Long-term cash flow projections are based on constant growth of 2.1% (2022: 2.3%). The directors believe that the use of this growth rate as a basis for long-term projections is reasonable given current forecasted expectations and is sufficient to account for long-term sensitivities. Sensitivities have been performed on key assumptions and the goodwill is not deemed sensitive in these areas.

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

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

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

11. Contract balances

Contract Costs	**2023**	**2022**
	£000	**£000**
Contract fulfilment assets	7,520	5,114
Costs to obtain contracts	2,775	1,720
	10,295	6,834

Contract fulfilment assets	**2023**	**2022**
	£000	**£000**
At 1 October	5,114	6,774
Additions	5,545	-
Disposals	(1,858)	(19)
Impairments	-	(54)
Charge for the year	(1,281)	(1,587)
At 30 September	7,520	5,114

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

12. Tangible fixed assets

	Freehold land and buildings	**Plant & vehicles**	**Furniture fittings, tools & equipment**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At 1 October 2022	278	236,748	149,444	386,470
Additions	-	14,094	22,092	36,186
Disposals	-	(11,468)	(16,079)	(27,547)
At 30 September 2023	278	239,374	155,457	395,109
Depreciation				
At 1 October 2022	278	174,550	129,567	304,395
Charge	-	12,274	14,113	26,387
Impairments	-	2,384	3,576	5,960
Disposals	-	(11,127)	(13,380)	(24,507)
At 30 September 2023	278	178,081	133,876	312,235
Net book value				
At 30 September 2023	-	61,293	21,581	82,874
At 30 September 2022	-	62,198	19,877	82,075

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

13. Investments

	Participating interests £000	Shares in group under-takings £000	Other investments other than loans £000	Total £000
Investments				
At 1 October 2022	101,561	6,487	2,249	110,297
Additions	3,908	-	-	3,908
Amortisation	-	-	(433)	(433)
At 30 September 2023	105,469	6,487	1,816	113,772
Provision				
At 1 October 2022	5,837	6,123	615	12,575
Increase/ (decrease) in provision	-	-	-	-
At 30 September 2023	5,837	6,123	615	12,575
Carry amount				
At 30 September 2023	99,632	364	1,201	101,197
At 30 September 2022	95,724	364	1,634	97,722

Subsidiary

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

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

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

13. Investments (continued)

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

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

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

13. Investments (continued)

Associates

The following companies are participating interests as at 30 September 2023:

Name of associates	Principal activity	Registered office	Proportion of ownership interest and voting rights held %
Twickenham Experience Limited	Hospitality services	Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA.	40%
Oval Events Holdings Limited	Hospitality services	The Oval, Kennington, London, SE11 5SS.	37.5%
Edgbaston Experience Limited	Hospitality services	County Ground, Edgbaston, Birmingham, B5 7QU.	25%
Millennium Stadium Experience Limited	Hospitality services	Principality Stadium, Westgate Street, Cardiff, Wales, CF10 1NS.	16.5%
Kerb Group Limited	Hospitality services	Clere House, 3 Chapel Place, London, EC2A 3DQ	34.0%
Peppermint Events Limited	Hospitality services	Lower Ground 04 Edinburgh House, 154 - 182 Kennington Lane, London, SE11 5DP	50.0%
Benchmark Designs Limited	Interior design & build services	67 Shrivenham Hundred Business Park Majors Road, Watchfield, Swindon, Oxfordshire, SN6 8TY	50.0%

The investment in Twickenham Experience Limited covers 40% of voting rights and has a 30 June year end.
The investment in Oval Events Holdings Limited covers 37.5% of voting rights and has a 30 November year end.
The investment in Edgbaston Experience Limited covers 25% of voting rights and has a 31 December year end.
The investment in MSEL Limited covers 16.5% of voting rights and has a 30 June year end.
The investment in Kerb Group Limited covers 34% of voting rights and has a 31 March year end.
The investment in Peppermint Events Limited covers 50% of voting rights and has a 28 February year-end.
The investment in Benchmark Designs Limited was made during the year and covers 50% of voting rights and has a 31 March year end.

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

During the year there were changes in the following investments:

Name of associates	Proportion of ownership interest and voting rights
Kerb Events Limited	50%

During the year there was a share exchange agreement which involved replacing the holding of Kerb Events Limited to a holding of its parent company Kerb Group Limited, at a holding of 34% as at 30 September 2023.

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

14. Stock

	2023 £000	2022 £000
Raw materials and consumables	34,152	33,257

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

Raw materials, consumables and work in progress recognised as cost of sales in the year amounted to £668,249,550 (2022: £522,252,439). There was no write down or reversal of write down during the year (2022: Nil).

15. Debtors

	2023 £000	2022 £000
Trade debtors	241,008	184,332
Amounts owed by other group companies	436,049	428,300
Other debtors	9,388	14,495
Corporation tax	12,453	-
Prepayments and accrued income	125,644	135,704
	824,542	762,831

Of the above £436m amounts owed by other group companies £42m are deposit agreements with group companies that have an expiry date agreed upon written notice at an interest of 1 month SONIA. The remainder of the amounts owed by group have no set repayment date but are repayable on demand. The directors have decided that these balances will not be called upon for a period of less than 12 months from the date of signing the financial statements therefore all of the amounts owed by other group companies are expected to be received in more than one year.

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

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

Trade debtor days at 30 September 2023 were 39 days (2022: 36 days).

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

16. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	144,336	115,671
Amounts owed to group undertakings	1,712,767	1,588,734
Accrued expenses and deferred income	201,428	212,955
Social security and other taxes	59,730	52,439
Corporation tax	-	11,465
Other creditors	19,817	24,328
Obligations under finance leases and hire purchase contracts (note 18)	31,620	31,041
	2,169,698	2,036,633

Of the above amounts owed to other group undertakings, £1,309m are intercompany loans with group companies, of which £709m are group loans that are renewed annually at an interest of 6 months SONIA and £600m of group loans that are automatically renewed annually and are interest free or have a range of interest of 1 to 6 months SONIA. The remainder of the amounts owed to group undertakings have no specific terms of repayment or interest charged, these amounts are repayable on demand.

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

17. Creditors: Amounts falling due after one year

	2023 £000	2022 £000
Deferred tax liability (see note 9)	35,976	82,978
Amounts owed to group undertakings	237,948	284,066
Obligations under finance leases and hire purchase contracts (note 18)	166,129	167,991
	440,053	535,035

The amounts owed to group undertakings are unsecured and interest free, they are classified as due after one year as they relate to structural debt with dormant entities. These amounts will only be repaid on dissolution of the dormant entities.

18. Leases

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

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

	Land and buildings £000	Concessions £000	Plant and machinery £000	Fixture and fittings £000	Total £000
Right of use assets					
At 1 October 2022	76,310	83,178	3,522	829	163,839
Additions	-	6,702	11,122	773	18,597
Lease amendments	1,097	7,588	(295)	-	8,390
Impairments	(43,607)	-	-	-	(43,607)
Depreciation expense	(4,139)	(13,169)	(3,057)	(327)	(20,692)
At 30 September 2023	29,661	84,299	11,292	1,275	126,527

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

18. Leases (continued)

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

	£000
Lease Liabilities Maturity Analysis	
Less than 1 year	(32,479)
Between 1 and 5 years	(99,483)
Over 5 years	(151,289)
Total undiscounted lease liabilities	(283,251)
Impact of discounting	85,502
Lease liabilities included in the balance sheet	(197,749)

	£000
Comprised of	
Current	(31,620)
Non-current	(166,129)

	£000
Amounts recognised in the income statement	
Expenses relating to short term leases	1,865
Expenses relating to low value leases	671
Depreciation expense of right of use assets	20,692
Interest on lease liabilities	12,145
Total	35,373

19. Provisions for liabilities

	Dilapidations	**Re-structure structure**	**Property provision**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 October 2022	2,521	7,230	296	10,047
Charged to profit and loss	5,531	17,302	47	22,880
Utilised in year	(2,151)	(11,355)	(137)	(13,643)
Unwinding of discount	-	-	12	12
Release to profit and loss account	(318)	(142)	-	(460)
Transfers	(363)	363	-	-
At 30 September 2023	5,220	13,398	218	18,836

The restructure costs charged to the P&L summarised in the table include £12.7m of onerous contract provisions and £0.6m of redundancy costs. The onerous contract provisions will reduce over the life of the contract as costs are incurred.

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

20. Called up share capital

Allotted, called up and fully paid shares

Called up share capital

	30 September 2023 No. 000	30 September 2023 £000	30 September 2022 No. 000	30 September 2022 £000
961,505,002 Called up, allotted and fully paid	961,505	961,505	961,505	961,505

21. Contingent liabilities

	2023 £000	2022 £000
Performance bonds have been taken out to the extent of	8,568	9,433

Under a group registration the company is jointly and severally liable for VAT due by the other companies within the group registration. At 30 September 2023 this contingent liability amounted to £44,319,747 (2022: £37,861,049).

22. Pensions

UK employees in a pension arrangement are in the Compass Retirement Income Savings Plan (CRISP), a GAD section of the Compass Group Pension Plan (the Plan) or the National Employment Savings Trust (NEST).

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

CRISP has a corporate trustee, CRISP Trustees Limited. The Chairman is a former employee of the Group and the other six trustee directors are UK-based employees of the Group, three of whom are nominated by CRISP members.

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

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2022. At the valuation date, the total market value of the assets of the Plan was £2,617m which represented 113% of the benefits that had accrued to members after allowing for expected future increases in earnings. A revised schedule of contributions has been agreed by the trustee and the Company and, with effect from 1 October 2022, the Company pays contributions to the Plan at a rate of 47.1% of pensionable pay (previously 57.2%).

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

22. Pensions (continued)

The Plan is reappraised half-yearly for accounting purposes by independent actuaries in accordance with IAS 19 Employee Benefits requirements.

The UK Plan has a corporate trustee. There is an independent chairman and one other independent trustee director. There are a further five trustee directors who are either UK-based employees or former employees of the Group (three of whom have been nominated by UK Plan members). The UK Plan operates under the Fifth Definitive Trust Deed dated 25 March 2013 and subsequent amendments and relevant legislation (principally the Pensions Acts 1993, 1995, 2004 and 2021), with regulatory oversight from the Pensions Regulator. The Group has proposed a bulk transfer of CRISP into the UK Plan and for CRISP to operate as a separate defined contribution section of the UK Plan from 1 January 2024. Following the transfer, the combined board of the UK Plan will include trustee directors from both arrangements. Agreement with the trustees is expected before the end of the calendar year following a period of consultation with CRISP members and potential CRISP members which ended on 8 November 2023.

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

Compass group pension plan

The contributions payable for defined contribution schemes of £15,587,753 (2022: £14,334,695) have been fully expensed against profits in the current year.

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

The company made contributions to the Plan of £0.7m in the year (2022: £1.1m).

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

	30 September 2023 %	30 September 2022 %
Discount rate	5.70	5.35
Inflation	3.60	3.90
CPI inflation assumption	3.20	3.40
Rates of increase of salaries	3.60	3.90
Rates of increase of pensions in payment	3.30	3.50
Rates of increase for deferred pensions	3.20	3.65

The mortality assumptions used to value the current year unapproved pension liabilities are derived from the S3PA generational mortality tables (2022: S3PA generational mortality tables), with improvements in line with the projection model prepared by the core 2022 Continuous Mortality Investigation of the UK actuarial profession (2022: core 2020 model), with an S-kappa of 7.0 (2022: 7.5), with 115% (2022: 119%) weighting for male non-pensioners, 109% (2022: 113%) for male pensioners and 103% (2022: 106%) weighting for female non-pensioners and 99% (2022: 106%) weighting for female pensioners, with a long-term improvement rate of 1.5% per annum (2022: 1.5% per annum). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Company estimates the duration of the unapproved pension liabilities to be 11 years (2022: 13 years).

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

22. Pensions (continued)

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

	30 September 2023 Year	30 September 2022 Year
Current UK pensioners at retirement age - male	20.90	21.40
Current UK pensioners at retirement age - female	23.60	24.00
Future UK pensioners at retirement age - male	22.60	23.10
Future UK pensioners at retirement age - female	25.50	25.90

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

Sensitivity of principle assumptions

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

	Change in assumption	Impact on scheme deficit 2023	Impact on scheme deficit 2022
Discount rate	Increase by 0.5%	Decrease by £77m	Decrease by £90m
	Decrease by 0.5%	Increase by £85m	Increase by £95m
Inflation	Increase by 0.5%	Increase by £42m	Increase by £56m
	Decrease by 0.5%	Decrease by £42m	Decrease by £54m
CPI Inflation	Increase by 0.5%	Increase by £9m	Increase by £12m
	Decrease by 0.5%	Decrease by £9m	Decrease by £12m
Life expectations from age 65	Increase by 1 year	Increase by £50m	Increase by £55m

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

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

22. Pensions (continued)

At 30 September 2023, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of debt securities. The fair value of these assets is shown below by major category:

	30 September 2023 £000	30 September 2022 £000
Global equities quoted	500	87,019
UK fixed interest quoted	576,193	503,919
UK index link quoted	642,000	816,000
Corporate bonds quoted	256,742	250,262
Property funds quoted	286,266	341,046
Cash and cash equivalents	11,622	20,748
	1,773,323	2,018,994

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

Movements in the fair value of plan assets

	30 September 2023 £000	30 September 2022 £000
At 1 October	2,018,994	2,694,680
Interest income	105,852	53,115
Return on plan assets, excluding amounts included in interest income/(expense)	(270,634)	(650,964)
Employee contributions	75	87
Employer contributions	731	1,046
Benefits paid	(76,865)	(75,257)
Administrative expenses paid from plan assets	(4,830)	(3,713)
At 30 September	1,773,323	2,018,994

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

22. Pensions (continued)

Movements in the present value of defined benefit obligations

	30 September 2023 £000	30 September 2022 £000
At 1 October	1,438,047	2,340,222
Current service cost	335	1,136
Interest expense on benefit obligations	74,879	46,052
Remeasurements - demographic assumptions	(36,939)	(27,934)
Remeasurements - financial assumptions	(80,020)	(894,559)
Remeasurements - experience adjustments	24,101	48,300
Employee contributions	75	87
Benefits paid	(76,865)	(75,257)
At 30 September	1,343,613	1,438,047

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

	30 September 2023 £000	30 September 2022 £000
The amounts recognised in the statement of financial position are as follows:		
Fair value of scheme assets	1,773,323	2,018,994
Present value of scheme liabilities	(1,343,613)	(1,438,047)
Defined benefit pension scheme deficit	429,710	580,947

23. Share based payments

Income statement expense

The Company recognised an expense of £4,214,000 (2022: £2,769,000) in respect of share-based payment transactions. All share based payment plans are equity-settled.

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

	2023 £000	2022 £000
Long-term incentive plans (LTIP)	3,251	1,360
Other share-based payment plans	963	1,409
	4,214	2,769

Long term incentive plans

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

	30 September 2023 Number	30 September 2022 Number
Outstanding at start of the financial year	397,429	309,593
Awarded	186,754	210,519
Transfer from fellow subsidiaries	-	(13,553)
Notional Dividend Shares [1]	9,171	4,525
Sold	(51,321)	-
Lapsed	(39,519)	(113,655)
Outstanding at end of the financial year	502,514	397,429

1. In March 2022, it was announced that eligible awards granted under the 2018 LTIP will accrue dividends in the form of Notional Dividend Shares.

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

23. Share based payments (continued)

Long term incentive plans (continued)

Full details of the vesting conditions for the LTIP awards can be found in the Directors' Remuneration Report on pages 97 to 126 of the Compass Group PLC Annual Report. The fair value of awards subject to Adjusted Free Cash Flow (AFCF) and Return On Capital Employed (ROCE) performance targets is calculated using the Black-Scholes option pricing model. The vesting probability of the non-market elements have been assessed based on AFCF and ROCE forecasts. The fair value of awards subject to Total Shareholder Return (TSR) performance targets is calculated using the Monte Carlo model.

For the year ended 30 September 2023, an Executive Committee LTIP award was made on 1 December 2022 for which the estimated fair value was 1,312.43p. Leadership LTIP awards were also made on 1 December 2022 and 17 May 2023 for which the estimated fair values were 1,507.63p and 2,170.87p respectively.

For the year ended 30 September 2022, an Executive Committee LTIP award was made on 1 December 2021 for which the estimated fair value was 1,140.86p. Leadership LTIP awards were also made on 1 December 2021 and 18 May 2022 for which

These awards were all made under the terms of the 2018 LTIP. The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculating the fair value of LTIP awards made during the year:

Assumptions - Long term incentive plans

	2023	2022
Expected volatility [1]	39.60%	39.00%
Risk free interest rate	3.10%	0.80%
Expected life	3.0 years	3.0 years
Weighted average share price at date of grant	1856.22p	1,485.23p

1. Expected volatility is calculated based on the Group's weekly share price during the three years prior to the date of each award.

The weighted average share price at the date of vesting for the 51,321 shares that vested in the financial year was 1,824p. No shares vested in 2022 due to performance conditions not being met.

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.2 years (2022: 1.4 years).

Restricted shares

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

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

	2023 Number of shares	2022 Number of shares
Outstanding at start of the financial year	151,841	146,435
Awarded	25,526	35,915
Transfers from fellow subsidiaries	-	7,549
Notional Dividend Shares [1]	1,870	1,427
Vested, released and exercised	(91,649)	(34,064)
Lapsed	(13,740)	(5,421)
Outstanding at end of the financial year	73,848	151,841

1. Eligible awards granted under the Restricted Share Award Plan accrue dividends in the form of Notional Dividend Shares.

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

23. Share based payments (continued)

Restricted shares (continued)

The fair value of restricted shares awarded in the year was calculated using the Black-Scholes option pricing model using the following assumptions:

Assumptions - Restricted shares

	2023	2022
Expected volatility [1]	38.20%	40.00%
Risk free interest rate	3.80%	1.20%
Expected life	1.2 years	2.0 years
Weighted average share price at date of grant	1,953.58p	1,550.77p

1. Expected volatility is calculated based on the Group's weekly share price during the three years prior to the date of each award.

The weighted average share price at the date of release for restricted share awards released during 2023 was 2,080.80p (2022: 1,617.75p)

Other share-based payment plans

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

	2023 Number of shares	2022 Number of shares
Outstanding at start of the financial year	4,446	23,634
Vested, released and exercised	(4,446)	(9,854)
Lapsed	-	(9,334)
Outstanding at end of the financial year	-	4,446

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

Share options

Full details of The Compass Group Share Option Plan 2010 are set out in prior years' annual reports which are available on the Company's website. The last award under this plan was made in November 2013 and will expire in November 2023.

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

24. Related party transactions

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

During the year the company had the following transactions on normal trading terms and year end balances with Chartwells Hounslow (Feeding Futures) Limited. Chartwells Hounslow (Feeding Futures) Limited share capital is held by Compass Contract Services (UK) Limited (75%).

Transactions

	2023 £000	2022 £000
Recharges (from) / to Chartwells Hounslow (Feeding Futures) Limited	859	74

Year end balances

	2023 £000	2022 £000
Trade debtors / (creditors) - Chartwells Hounslow (Feeding Futures) Limited	439	(216)

25. Parent and ultimate parent undertaking

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

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

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

26. Capital commitments

As at 30 September 2023, the Company has committed to incur capital expenditure of £37,912,274 (2022: £22,319,107), these commitments are expected to be settled in the following financial year.