Dine Contract Catering Limited

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

Company Registration Number 07297044

Contents

Company information	2
Strategic report	3
Directors' report	5
Statement of directors' responsibilities in respect of the directors' report and the financial statements	7
Independent auditor's report to the members of Dine Contract Catering Limited	8
Income statement	11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15

Company information

Directors	Gareth Sharpe Michael Court Robin Mills Matthew Wade
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.

The company's turnover totalled £40,364,587 (2022: £34,417,448) an increase of 17%. The company's operating profit is £5,924,784 (2022: £4,930,500). The company's profit before tax has increased to £5,979,113 (2022: £4,931,815).

The company employs on average 769 employees (2022: 768) across the UK.

Compass Group PLC manages its operations by sector in recognition that they have specific requirements and require specialists to drive tailor made solutions and operating efficiencies. The Company's directors believe that this sector specific approach requires no further KPI's to be presented for an understanding of the development, performance or position of the business.

Principal risks & uncertainties

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 are integral parts of the business process, and core activities throughout the Group.

Dine Contract Catering Limited continues to manage inflation risks by sharing best practice across the Group to drive greater efficiencies through menu management, supplier rationalisation, labour scheduling and productivity through the increased use of technology. Cost indexation in our contracts also gives us the contractual right to review pricing with our clients. Dine Contract Catering Limited is cognisant of changes in the macroeconomic environment such as pressure on food commodity prices, fuel and labour, and the inflationary impact these bring to the business. The macroeconomic environment is kept under evaluation through regular business reviews, which provide the agility to flex contracts and the operating model accordingly.

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

The Company performed strongly in 2023 in terms of revenue growth, however there has been inflationary pressures on costs. 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.

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

Section 172(1) statement

Dine Contract Catering Limited (the Company)

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

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

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

The directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing the execution of the business strategy and related policies of the Group. While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally stakeholder engagement best takes place at an operational or Group level. The directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. How the Group engages with its stakeholders is described on pages 74 to 79 of the Compass Group PLC Annual Report 2023 (the ARA).

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

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

G. S. Sharpe

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Gareth Sharpe
Director

Directors' report for the year ended 30 September 2023

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

Going concern

The directors have considered the Company's principal risks and uncertainties and concluded that the Company will have sufficient funds available under its current resources and committed facilities to continue to meet its liabilities as they fall due for at least 12 months from the date these accounts are approved. These financial statements have been prepared on the going concern basis, which the directors believe 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 in case is needed. 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.

Principal activity

The principal activity of the company is providing catering services to outside clients.

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:

Michael Court
Robin Mills
Gareth Sharpe
Matthew Wade
Steven Holmes (resigned 31 March 2023)
Daniel Macpherson (resigned 30 November 2023)
Robert Ryan (resgined 30 November 2023)

Political and charitable donations

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

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

Commitment to corporate responsibility

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

Financial instruments

Treasury operations

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

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

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

Liquidity risk

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

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

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

G. J. Sharpe

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Gareth Sharpe
Director

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

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

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

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

• select suitable accounting policies and 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 Dine Contract Catering Limited

Opinion

We have audited the financial statements of Dine Contract Catering 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 set out in note 1.

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
• have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* ; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

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

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.

Independent Auditor's Report to the Members of Dine Contract Catering Limited (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the group-wide fraud risk management controls. We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those entries from revenue to unexpected accounts and cash and borrowings to unexpected accounts.

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

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

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

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

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 Dine Contract Catering 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 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Andrew Cawthray

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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 £	2022 £
Turnover	3	40,364,587	34,417,448
Cost of sales		(31,897,585)	(26,270,864)
Gross profit		**8,467,002**	**8,146,584**
Administrative expenses		(2,542,218)	(3,216,084)
Operating profit	4	**5,924,784**	**4,930,500**
Interest receivable and similar income	6	54,329	1,315
Profit before taxation		**5,979,113**	**4,931,815**
Tax on profit	9	(1,294,936)	(953,731)
Profit for the financial year		**4,684,177**	**3,978,084**

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

	2023	2022
	£	**£**
Profit for the financial year	4,684,177	3,978,084
Total comprehensive income for the year	**4,684,177**	**3,978,084**

Results relate entirely to continuing operations.

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	335,669	206,831
Intangible assets	12	26,277	43,742
Right of use assets	18	35,431	111,670
		397,377	**362,243**
Current assets			
Stock	13	768,212	628,855
Debtors (including £18,558,439 due after more than one year (2022: £Nil))	14	25,358,455	6,588,963
Cash at bank and in hand		1,005,929	15,144,887
		27,132,596	**22,362,705**
Creditors: Amounts falling due within one year	15	(5,074,395)	(4,885,421)
Total assets less current liabilities		**22,455,578**	**17,839,527**
Creditors: Amounts falling due after one year	16	-	(37,259)
Provisions	17	(53,751)	(84,618)
Net assets		**22,401,827**	**17,717,650**
Capital and reserves			
Called up share capital	19	364,166	364,166
Capital redemption reserve		855,810	855,810
Retained earnings		21,181,851	16,497,674
Shareholders' funds		**22,401,827**	**17,717,650**

The accompanying notes form part of these financial statements.

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

G. J. Sharpe

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Gareth Sharpe
Director

Statement of changes in equity

For the year ended 30 September 2023

	Share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
At 1 October 2022	364,166	855,810	16,497,674	17,717,650
Total comprehensive income	-	-	4,684,177	4,684,177
At 30 September 2023	364,166	855,810	21,181,851	22,401,827

For the year ended 30 September 2022

	Share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
At 1 October 2021	364,166	855,810	12,519,590	13,739,566
Total comprehensive income	-	-	3,978,084	3,978,084
At 30 September 2022	364,166	855,810	16,497,674	17,717,650

The accompanying notes form part of these financial statements.

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

1. General information

Dine Contract Catering Limited ("the company") is a private company limited by share capital, incorporated and domiciled in England. The registered number is 07297044 and is a subsidiary of Compass Group UK and Ireland Limited. Its registered address is: Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom.

2. Accounting policies

Basis of preparation

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 Companies Act 2006 (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 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, Cardiff, CF14 3UZ.

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

• Cash flow statement and related notes;
• Certain disclosures regarding leases;
• Certain disclosures regarding revenue;
• Comparative period reconciliations for share capital, tangible assets, intangible assets and investment properties
• Disclosures in respect of transactions with wholly owned subsidiaries;
• The effects of new but not yet effective IFRSs;
• Disclosure in respect of the compensation of Key Management Personnel; and
• Disclosure in respect of capital commitments
• 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 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.

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

2. Accounting policies (continued)

Going concern

The directors have considered the Company's principal risks and uncertainties and concluded that the Company will have sufficient funds available under its current resources and committed facilities to continue to meet its liabilities as they fall due for at least 12 months from the date these accounts are approved. These financial statements have been prepared on the going concern basis, which the directors believe 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 in case is needed. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors of the Company are confident that the Company will have sufficient funds to continue to meets its liabilities as they fall due for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on the going concern basis.

Functional and presentation currency

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

Use of estimates and judgements

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.

Turnover

Revenue represents income derived from contracts for the provision of food and services by the Company to the customers in exchange for consideration in the normal course of business. The Company's revenue is comprised of revenue 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.

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 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 to the contract. Performance obligations are usually clearly identified within contracts and revenue is recognised for each separate performance obligation.

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

2. 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 tax. The transaction price may be based on price per meal, which may vary with volume, or could be based on costs incurred plus an agreed management fee.

Timing of revenue recognition

Revenue is recognised as performance obligations are satisfied and 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 or 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 services 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.

Costs to obtain a contract

Costs incurred during the bidding period, prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset. The incremental costs to obtain a contract with a customer, such as commissions to the salesforce, are capitalised if it is expected that those costs will be recoverable. Only commissions directly attributable to an individual contract award are capitalised, while commissions payable due to multiple contract wins or due to a portfolio of client contracts are expensed as incurred as they cannot be directly attributable to an identified contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Costs to fulfil a contract

Costs incurred in the fulfilment of the Company's obligations to the client under the contract are recognised in the balance sheet and include contributions towards service assets, such as kitchen and restaurant fit out costs and equipment, which are capitalised as contract fulfilment assets. Contract fulfilment costs covered within the scope of another accounting standard, such as property, plant and equipment are not capitalised as contract fulfilment assets but are treated according to other standards.

Utilisation, derecognition and impairment of contract fulfilment assets and capitalised costs to obtain a contract

Contract fulfilment assets are amortised on a straight line basis over the shorter of the life of the client contract and the useful economic life of the assets. The amortisation charge is included within operating costs. Costs incurred to obtain a contract are unwound over the life of the client contract as an expense. Capitalised costs are derecognised either when disposed of or when no further economic benefits are expected to flow from their use. Whenever impairment indicator exists, the Company determines the recoverability of the contract fulfilment assets and capitalised costs to obtain a contract by comparing their carrying amount to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract.

Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume related rebates. Income from value and and volume related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period. Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed. Rebates related to items purchased but still held at the balance sheet date, are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

Financial instruments

Financial assets and liabilities are recognised on the Company’s balance sheet when the Company becomes a party to the contractual provisions of the instrument and derecognised when it ceases to be party to such provisions. Financial assets are classified as current if they are expected to be received within 12 months of the balance sheet date. Financial liabilities are classified as current if they are legally due to be paid within 12 months of the balance sheet date.

Financial assets are classified as either fair value through profit and loss, fair value through other comprehensive income or amortised cost. Classification and subsequent remeasurement depends on the Company’s business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection or contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

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

2. Accounting policies (continued)

Trade and other debtors

The carrying value of all trade debtors is recorded at amortised cost and reduced by provisions of impairment, which are measured at an amount equal to lifetime 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.

Trade and other creditors

Trade creditors and other creditors are not interest bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Interest-bearing borrowings

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

Share capital

Ordinary shares

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

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

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

Tangible assets

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

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

The following rates applied for the Company:

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

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

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

2. Accounting policies (continued)

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.

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.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

Expenses

Financing income and expenses

Financing expenses comprise interest payable. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity’s right to receive payments is established.

Defined contribution pension obligation

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

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

Leases

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

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

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

2. Accounting policies (continued)

Leases (continued)

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

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

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

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

The lease term is the non cancellable period beginning at the contract commencement date plus periods covered by an option to the 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.

3. Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	2023	2022
	£	£
Sale of goods	40,364,587	34,417,448

4. Operating profit

Included in profit are the following:

	2023	2022
	£	£
Depreciation expense (per note 11)	233,914	148,625
Depreciation on right of use assets - vehicles (per note 18)	1,484	19,282
Depreciation on right of use assets - leased properties (per note 18)	74,755	39,527
Amortisation on computer software (per note 12)	17,497	8,748

5. Audit of the financial statements

	2023	2022
	£	£
Audit of the financial statements	40,951	38,658

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

6. Interest receivable and similar income

	2023	2022
	£	£
Interest receivable on bank deposits	54,329	1,315

7. Employee information

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

	2023	2022
	£	£
Wages and salaries	15,006,921	14,392,145
Social security costs	1,118,935	1,091,241
Pension costs, defined contribution scheme	282,269	273,990
	16,408,125	15,757,376

The average number of persons employed by the company (including directors) during the period was 769 (2022: 768).

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	300,718	2,605,192

Included in the above remuneration figures are £281,545 for salaries and bonuses (2022: £2,231,521), £7,660 for share options (2022: £327,269) and £11,513 for employer pension contributions (2022: £46,402). The directors are also directors of another group undertaking or perform roles within other group undertakings and do not specifically receive remuneration in respect of the company. From 2023, the appropriate proportion of their services on behalf of the company is considered within this note.

In respect of the highest paid director

	2023	2022
	£	£
Directors' emoluments	85,202	1,185,627

The directors' remuneration is partly borne by other group companies.

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

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

9. Income tax

Analysis of charge in period

	2023	2022
	£	£
UK corporation tax		
Tax on income for the year	1,289,445	928,685
Adjustments in respect of previous years	(26,141)	(9,960)
Total current tax	1,263,304	918,725
Deferred tax		
Origination and reversal of timing difference	30,000	14,000
Impact of change in tax rate	1,632	21,006
Total deferred tax	31,632	35,006
Tax expense in the income statement account	1,294,936	953,731

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

The differences are reconciled below:

	2023	2022
	£	£
Profit on ordinary activities before taxation	5,979,113	4,931,815
Tax at 22% (2022: 19%)	1,315,405	937,045
Expenses not deductible for tax purposes	440	2,640
Rate differences	3,600	3,000
Adjustments to tax charge in respect of previous years	(24,509)	11,046
Total tax charge for the year	1,294,936	953,731

10. Provision for deferred tax

	2023	2022
	£	£
Accelerated capital allowances	45,816	14,184
Total provision for deferred tax	45,816	14,184
1 October	14,184	49,190
Deferred tax charged in income statement (note 9)	31,632	(35,006)
30 September	45,816	14,184

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

11. Tangible assets

	Furniture, fittings and equipment	Other property, plant and equipment	Total
	£	£	£
Cost			
At 1 October 202	114,793	444,635	559,428
Additions	100,362	276,692	377,054
Reclassification	-	-	-
Disposals	(354)	(57,946)	(58,300)
At 30 September 2023	214,801	663,381	878,182
Depreciation			
At 1 October 2022	26,712	325,885	352,597
Charge for the year	39,082	194,832	233,914
Reclassification	59,699	(59,699)	-
Disposals	(187)	(43,811)	(43,998)
At 30 September 2023	125,306	417,207	542,513
Carrying amount			
At 30 September 2023	89,495	246,174	335,669
At 30 September 2022	88,081	118,750	206,831

12. Intangible assets

	Computer Software	Total
	£	£
Cost		
At 1 October 2022	52,490	52,490
Additions	32	32
At 30 September 2023	52,522	52,522
Amortisation		
At 1 October 2022	8,748	8,748
Charge for the year	17,497	17,497
At 30 September 2023	26,245	26,245
Carrying amount		
At 30 September 2023	26,277	26,277
At 30 September 2022	43,742	43,742

13. Stock

	2023	2022
	£	£
Other inventories	768,212	628,855

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

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

14. Debtors

	2023 £	2022 £
Trade debtors	6,400,069	6,440,527
Prepayments and accrued income	380,496	122,694
Amounts owed by group undertakings	18,558,439	-
Other debtors	19,451	25,742
	25,358,455	6,588,963

The amounts due from group undertakings are loans related to entities in the Compass Group. No interest is charged per annum with no set repayment terms. This balance is repayable on demand however, the directors have decided that this balance will not be called upon for a period of less than 12 months from the date of signing the financial statements.

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade Creditors	3,300,744	2,381,404
Amounts owed to group undertakings	-	1,145,098
Accrued Expenses	392,417	336,859
Other creditors	7,873	1,648
Deferred tax liability (see note 10)	45,816	14,184
Corporation tax payable	1,289,445	928,685
Obligations under finance leases and hire purchase contracts (note 18)	38,100	77,543
	5,074,395	4,885,421

16. Creditors: Amounts falling due after one year

	2023 £	2022 £
Obligations under finance leases and hire purchase contracts (note 18)	-	37,259
	-	37,259

17. Provisions

	2023 £	2022 £
At 1 October	84,618	140,915
Charged to the profit and loss account	-	59,618
Released to the profit and loss account	(25,000)	(43,510)
Utilised in the year	(5,867)	(72,405)
At 30 September	53,751	84,618

Provisions at the year-end relate to property dilapidations for the leased property expiring in less than one year (see note 18).

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

18. Leases

The Company's lease portfolio consists of rental of 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.

	Plant and machinery £	Leased property £	Total £
Right of use assets			
At 1 October 2022	1,484	110,186	111,670
Additions		-	-
Depreciation expense	(1,484)	(74,755)	(76,239)
At 30 September 2023	-	35,431	35,431

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

Lease Liabilities Maturity Analysis	£
Less than 1 year	(38,100)
Between 1 and 5 years	-
Over 5 years	-
Total undiscounted lease liabilities	(38,100)
Impact of discounting	95
Lease liabilities included in the balance sheet	(38,005)
Comprised of	
Current	(38,100)
Non-current	-

Amounts recognised in the income statement	£
Expenses relating to short term leases	
Depreciation expense of right of use assets	76,237
Interest on lease liabilities	1,308
Total	77,545

19. Share capital

Allotted, called up and fully paid shares

	30 September 2023 No.	30 September 2023 £	30 September 2022 No.	30 September 2022 £
Ordinary shares of £1 each	364,166	364,166	364,166	364,166

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

20. 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.