

Compass Group, UK and Ireland Limited

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

Contents

Company information	2
Strategic report	3
Directors' report	5
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	8
Independent auditor's report to the members of Compass Group, UK and Ireland Limited	9
Income statement	13
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16
Notes to the financial statements	17

Company information

Directors

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

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

The directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006 (CA 2006).

Business review and principal activities

Compass Group, UK and Ireland Limited (the Company) is a wholly-owned subsidiary of Compass Group Holdings Limited. The Company acts as a holding and group financing company and the directors do not anticipate any changes in activities for the foreseeable future.

The results for the Company show a pre-tax loss for the year of £15,667,000 (2022: £18,297,000) and net assets at 30 September 2023 of £70,226,000 (2022: £80,098,000). During the year the Company received dividends from its investments of £1,914,000 (2022: £Nil).

The Company's directors believe that analysis using key performance indicators is not necessary for an understanding of the position of the Company. The performance of Compass Group PLC (the Group) is discussed in its Annual Report which does not form part of this Report. A copy of the Compass Group PLC Annual Report 2023 can be found on the Compass Group PLC website at www.compass-group.com or from the Company Secretarial Department at Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ.

Principal risks and uncertainties

Compass Group, UK and Ireland Limited has intra-group investments and balances, no third-party debt and hence no external interest rate exposure.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks of the Group are discussed in the Compass Group PLC's Annual Report 2023 which does not form part of this Report. This document can be viewed on the Compass Group PLC website www.compass-group.com.

Section 172(1) statement

Compass Group, UK and Ireland 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.

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

Section 172(1) statement (continued)

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

As the principal activity of the Company is to act as a holding and financing company for other entities in the Group, the Company has no commercial business, no employees, customers or suppliers other than other Group companies during the period and as such the breadth of stakeholder and other considerations would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Approved by the Board on 27 June 2024 and signed on its behalf by:



.....
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.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The director's have taken exemption under this regime not to disclose the strategic report.

Principal activity

The principal activity of the company is that of a holding company.

Business review

The loss after tax for the year was £11,786,000 (2022: loss after tax of £16,889,000). This loss arose from interest payable on inter-company loans and impairment on investments in subsidiaries.

The Company did not trade during the year. This situation is expected to continue in the future.

Going concern

Notwithstanding net current liabilities of £1,342,827,000 (2022: £1,333,910,000) as at 30 September 2023 and a loss for the year then ended of £11,786,000 (2022: £16,889,000), 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 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). Intra-group dividends of £1,914,000 were received during the year on the dissolution of Compass Group Medical Benefits Limited, Milburns Catering Contracts Limited and Hallmark Catering Management Limited.

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown below:

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

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

Employee engagement

The Company does not have employees of its own, but is a parent company within a sub-group of the Group that has over 250 UK employees. The Company and the Group places importance on employee engagement, keeping employees regularly informed on matters of concern to them as employees, issues affecting their performance, and promoting a common awareness of the financial and economic factors affecting the performance of the Company. Feedback from employee engagement informs the directors' decision making processes, and those decisions taken and policies made on a wider Group basis. For further information on how the Group engages with employees globally see pages 32-37 of the ARA.

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 of 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.

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 2023, are detailed below.

Code Principle

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

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

How the Company has applied the Subsidiary Code

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

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

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

Statement of Corporate Governance Arrangements (continued)

Code Principle

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.

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

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

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 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 27 June 2024 and signed on its behalf by:



.....
Gareth Sharpe
Director

How the Company has applied the Subsidiary Code

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.

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.

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.

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

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

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

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

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

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

Independent Auditor's Report to the Members of Compass Group, UK and Ireland Limited

Opinion

We have audited the financial statements of Compass Group, UK and Ireland 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 2.

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. 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 enquiring of directors and inspection of policy documentation as to the Compass Group PLC's group policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected, or alleged fraud.

Independent Auditor's Report to the Members of Compass Group, UK and Ireland Limited (continued)

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

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

As required by auditing standards we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition given there is no revenue within the entity.

We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-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.

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 of our procedures on the related financial statement items.

This company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

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

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

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

Independent Auditor's Report to the Members of Compass Group, UK and Ireland Limited (continued)

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 this report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion the report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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 auditors 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

**Independent Auditor's Report to the Members of Compass Group, UK and Ireland Limited
(continued)**

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 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: 27 June 2024

Income statement

For the year ended 30 September 2023

	Note	2023 £000	2022 £000
Turnover		-	-
Administrative expenses (including impairment of £950,000 on investments (2022: £14,028,000))		(9,879)	(12,597)
Operating loss		(9,879)	(12,597)
Interest payable and similar charges	10	(5,788)	(5,700)
Loss before tax		(15,667)	(18,297)
Tax on loss on ordinary activities	6	3,881	1,408
Loss for the year		(11,786)	(16,889)

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
	£000	£000
Loss for the year	(11,786)	(16,889)
Total comprehensive expense for the year	<u>(11,786)</u>	<u>(16,889)</u>

The accompanying notes form part of these financial statements.

Balance sheet

As at 30 September 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	7	190	195
Investments	8	1,412,863	1,413,813
		<u>1,413,053</u>	<u>1,414,008</u>
Current assets			
Debtors (including £53,850,000 (2022: £60,979,000) due after > 1 year)	9	56,700	62,387
Cash at bank and in hand		275	276
		<u>56,975</u>	<u>62,663</u>
Creditors: Amounts falling due within one year	10	(1,399,802)	(1,396,573)
Net current liabilities		<u>(1,342,827)</u>	<u>(1,333,910)</u>
Net assets		<u>70,226</u>	<u>80,098</u>
Capital and reserves			
Called up share capital	11	39	39
Share premium reserve		251,041	251,041
Retained earnings		(180,854)	(170,982)
Shareholders' funds		<u>70,226</u>	<u>80,098</u>

The accompanying notes form part of these financial statements.

The financial statements of Compass Group UK and Ireland Limited (registered number 02272248) were approved by the Board of Directors and authorised for issue on 27 June 2024 and signed on its behalf by:

.....
Gareth Sharpe
Director

Statement of changes in equity

For the year ended 30 September 2023

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
At 1 October 2022	39	251,041	(170,982)	80,098
Total comprehensive expense	-	-	(11,786)	(11,786)
Intra-group dividends	-	-	1,914	1,914
At 30 September 2023	<u>39</u>	<u>251,041</u>	<u>(180,854)</u>	<u>70,226</u>

For the year ended 30 September 2022

	Share Capital £000	Share Capital £000	Retained earnings £000	Total £000
At 1 October 2021	39	251,041	(154,093)	96,987
Total comprehensive expense	-	-	(16,889)	(16,889)
At 30 September 2022	<u>39</u>	<u>251,041</u>	<u>(170,982)</u>	<u>80,098</u>

The accompanying notes form part of these financial statements.

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

1. General information

Compass Group, UK and Ireland Limited ("the Company") is a private company limited by share capital, incorporated, domiciled and registered in England. The registered number is 02272248.

The address of its registered office is:

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

2. Accounting policies

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

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

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 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.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Going concern

Notwithstanding net current liabilities of £1,342,827,000 (2022: £1,333,910,000) as at 30 September 2023 and a loss for the year then ended of £11,786,000 (2022: £16,889,000), 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 intercompany loan and trading balances with the group headed by Compass Group PLC.

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

2. Accounting policies (continued)

Going concern (continued)

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 meet 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 meet 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.

Use of estimates and judgements

The preparation of the financial statements in conformity with FRS101 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. 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 Board do not believe that there are any principal accounting estimates, assumptions and judgements employed in the preparation of these financial statements which could affect the carrying amounts of assets and liabilities at the balance sheet date.

Financial instruments

Non-derivative financial assets and liabilities

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets 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 asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

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

2. Accounting policies (continued)

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

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.

Loans and receivables

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.

Loans and receivables comprise trade and other receivables.

Other financial liabilities comprise trade and other payables.

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)

With respect to provisions for impairment of trade debtors, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. From 1 October 2018, the Company measures provisions for impairment of trade debtors 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. The Group 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.

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

2. Accounting policies (continued)

Taxation

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

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

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

3. Operating loss

The audit fee payable to the Company's auditor for the audit of the company's accounts of £2,947 (2022: £2,947) was borne by another group company.

4. Employee information

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

	2023 No.	2022 No.
Directors	10	14

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

5. Directors' remuneration

	2023	2022
	£000	£000
Salaries and taxable benefits	5,831	5,291
Pension contributions	85	83
	<hr/>	<hr/>
Remuneration of highest paid director	1,149	1,190

Directors' emoluments are borne by Compass Contract Services (UK) Limited but are disclosed in this company, since it is the parent company of the group companies through whom the directors' emoluments are paid. Directors' emoluments are paid for services to a number of group companies.

6. Income tax

Tax credited in the income statement

	2023	2022
	£000	£000
Current taxation		
UK corporation tax on loss of the year	(2,850)	(1,412)
UK corporation tax adjustment to prior periods	(1,031)	4
Tax receipt in the income statement	<hr/> (3,881)	<hr/> (1,408)

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 explained below:

	2023	2021
	£000	£000
Loss before tax	(15,667)	(18,297)
Corporation tax at standard rate	(3,447)	(3,476)
Non deductible impairment of investment	2,040	-
Permanent timing differences	132	2,393
Adjustment required under transfer pricing regulations	(1,575)	(329)
Adjustments in respect of prior periods	(1,031)	4
Total tax credit	<hr/> (3,881)	<hr/> (1,408)

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

7. Tangible assets

	Land and buildings £000
Cost or valuation	
At 1 October 2022	275
At 30 September 2023	<u>275</u>
Depreciation	
At 1 October 2022	80
Charge for the year	5
At 30 September 2023	<u>85</u>
Carrying amount	
At 30 September 2023	<u>190</u>
At 30 September 2022	<u>195</u>
8. Investments	
Subsidiaries	£000
Cost	
At 1 October 2022	1,449,067
Addition	-
Disposals	(8,978)
At 30 September 2023	<u>1,440,089</u>
Impairment provision	
At 1 October 2022	35,254
Impairment charge	950
Disposals	(8,978)
At 30 September 2023	<u>27,226</u>
Net book value	
At 30 September 2023	<u>1,412,863</u>
At 30 September 2022	<u>1,413,813</u>

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

Name of subsidiary	Registered office	Ownership %
14Forty Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Business Clean Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Caterskill Group Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Chalk Catering Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Contract Services (UK) Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Staff Services Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Everson Hewett Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Express Cafes Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Facilities Management Catering Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%

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

8. Investments (continued)

Name of subsidiary	Registered office	Ownership %
Goodfellows Catering Services Management Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Gruppo Events Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Keith Prowse Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Langston Scott Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Leiths Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Letheby & Christopher Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Milburns Restaurants Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
P&C Morris Catering Group Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Peter Parfitt Leisure Overseas Travel Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Peter Parfitt Sport Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Solutions on Systems Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Sunway Contract Services Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
The Cuisine Centre Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Vendepac Holdings Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Woodin & Johns Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Foodbuy Europe Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Coffee Partners Limited*	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR	100%
Waseley (CVI) Limited*	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR	100%
Compass Offshore Catering Limited	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR	100%
Bateman Healthcare Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Castle Independent Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Catering Management Ireland Limited	3rd Floor 43a Yeats Way, Park West Business Park, Dublin 12 Ireland	100%
Caterskill Management	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Chartwells Hounslow (Feeding Futures) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Cleaning Support Services Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Experience Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Purchasing Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Road Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Services (Midlands) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Services (U.K) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Security Limited	24 Parklands, Birmingham Great Park, B45 9PZ	50%
Cygnets Foods Holding Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Cygnets Foods Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Eaton Catering Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Eaton Wine Bars Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Eurest Offshore Support Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Eurest Prison Support Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Fairfield Catering Company Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Fingerprint Managed Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Hamard Catering Management Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Hamard Group Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Hospital Hygiene Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Leisure Support Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Meal Service Company Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
N L C (Holdings) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%

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

8. Investments (continued)

Name of subsidiary	Registered office	Ownership %
N L C (Wembley) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
National Leisure Catering Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Payne & Gunter Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Pennine Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
PPP-Infrastructure Management Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Reliable Refreshments Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Security Office Cleaners Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Sycamore Newco Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
The Bateman Catering Organization Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Waseley (CVS) Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Wembley Sports Arena Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Cheyenne Limited	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR	100%
Integrated Cleaning Management Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Security Oldco Group Limited*	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Integrated Cleaning Management Support Services Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Security Oldco Holdings Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Compass Security Oldco Investment Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Dine Contract Catering Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%
Rocket Food Limited	24 Parklands, Birmingham Great Park, B45 9PZ	100%

During the year ended 30 September 2023 the following entities were disposed:

Feedr Limited*
 Compass Group Medical Benefits Limited*
 Milburns Catering Contracts Limited
 Hallmark Catering Management Limited*

* indicates direct investment of Compass Group UK and Ireland Limited.

In the opinion of the directors, the investments in subsidiaries are worth not less than the amounts shown above.

The Company test the fixed asset investments annually for impairment. The recoverable amount of the fixed asset investment is determined from value in use calculations. The value in use is based on a 50 year time period discounted at the group weighted average cost of capital rate of 11.7%.

Cash flow projections for the 3 years following the year ended 30 September 2023 include a 2.1% growth based on recent forecasts considering market conditions and expected contract gains. Long-term cash flow projections are based on constant growth of 2.1%. 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.

9. Debtors

	2023 £000	2022 £000
Amounts owed by other group companies	53,850	60,979
Corporation tax	2,850	1,408
	<u>56,700</u>	<u>62,387</u>

The amounts owed by group undertakings are unsecured, interest free and repayable on demand, although it is not expected that these amounts will be called upon in the next 12 months.

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

10. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Deferred consideration	7,461	6,860
Amounts owed to group undertakings	1,392,341	1,389,713
	<u>1,399,802</u>	<u>1,396,573</u>

The amounts due to other group companies relate to entities in the Compass Group and are repayable on demand. Interest of £5,700,000 is charged on loan of £94,444,800 (2022: £94,444,800) at a rate of equating to 6.035% (2022: 6.035%) per annum with no set repayment terms. The remaining £87,943 of interest is charged on a balance of £2,540,000, the interest applied is the SONIA rate with a margin of -0.05. The remaining amounts owed to group undertakings is unsecured, interest free and repayable on demand.

11. Share capital

Allotted, called up and fully paid shares

	30 September		30 September	
	2023		2022	
	No. 000	£000	No. 000	£000
3,907,664 Ordinary shares of £0.01 each	3,908	39	3,908	39

12. Commitments

There were no capital commitments at the end of the financial year and no provision has been made (2022: £Nil).

13. 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

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

13. Pensions (continued)

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

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

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.

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	<u>3.20</u>	<u>3.65</u>

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

13. Pensions (continued)

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).

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	<u>25.50</u>	<u>25.90</u>

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

Sensitivity of principle assumptions

	Change in assumption	Impact on scheme 2023	Impact on scheme 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.

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:

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

13. Pensions (continued)

	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
	<u>1,773,323</u>	<u>2,018,994</u>

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	<u>1,773,323</u>	<u>2,018,994</u>

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	<u>1,343,613</u>	<u>1,438,047</u>

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	<u>429,710</u>	<u>580,947</u>

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

14. Contingent liabilities

The Company, in the normal course of business, has entered into performance bonds in relation to a number of its contracts. Where the company enters into such arrangements it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations.

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

15. Related party transactions

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

16. Parent and ultimate parent undertaking

The Company's immediate parent undertaking's is Compass Group Holdings Limited.

The ultimate parent 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.

17. Post balance sheet events

On 30th April 2024, Compass Group, UK and Ireland Limited completed the acquisition of Orchestra Topco Limited subsequent to the year-end but before the issuance of these financial statements.

The acquisition of Orchestra Topco Limited involved cash consideration for the purchase of ordinary shares. The impact of these subsequent events on Compass Group, UK and Ireland's financial position is still in the process of computation.