Compass Contract Services (U.K.) Limited

Annual report and financial statements for the year ended 30 September 2020

Company Registration Number 02114954

Contents

Company information

Directors	The directors, who held office during the year, were as follows: Donna Lisa Catley Steven Robert Cenci Christopher John Garside (resigned 25 November 2019) Jodi Lea Richard James Wallington Taylor (resigned 31 January 2020) Mark John Webster Kate Dunham (resigned 31 January 2020) Charles Baxter Brown Peter Julian Cincelli (resigned 31 May 2020) Jonathan Mitchell Davies Ian Christopher Murphy Morag Freathy Sarah Jane Sergeant (appointed 1 December 2019) Ian Peter Cranna (appointed 6 January 2020) Robin Ronald Mills (appointed 25 November 2019) Chris Chidley (appointed 31 May 2020) Alice Elizabeth Woodwark (resigned 31 December 2020)
	The following directors were appointed after the year end: Matthew Owen Thomas (appointed 4 January 2021)
Secretary	Compass Secretaries Limited
Registered office	Parklands Court 24 Parklands Birmingham Great Park Rubery Birmingham B45 9PZ
Auditors	KPMG LLP Chartered Accountants One Snow Hill Snow Hill Queensway Birmingham B4 6GH

Strategic report for the year ended 30 September 2020

Business review

The directors present their strategic report for the year ended 30 September 2020.

The trading results for the year to 30 September 2020 and the company's financial position as at the end of the year are shown in the attached financial statements.

Food is our focus and core competence. We take a pragmatic and targeted approach to support services, providing a range of dining solutions to our clients. Our scale and focus on execution mean that we can provide our clients with the best value in terms of quality and cost as well as the most exciting and innovative solutions.

Although COVID-19 has not changed our business model, we are evolving our strategy to increase our resilience and strengthen our competitive advantages. As a large organisation, we are able to benefit from our scale, sharing best practice in areas such as HSE (Health, Safety and Environment), health and wellness and allow us to optimise our resources. From an operational perspective, we are renegotiating our contracts and mitigating higher operating costs as efficiently as possible so that we can rebuild our operating margin and continue to strengthen our competitive advantage.

The company has made good strategic progress through disciplined focus on Performance, People and Purpose. The Management and Performance (MAP) framework drives performance across the business by focusing on a common set of business drivers, whether its winning new business, increasing consumer participation and spend, reducing food and labour costs or reducing overheads.

Our people and culture lie at the heart of our business. Our aim is to nurture an engaged and highly capable workforce to win new business, manage our units efficiently and effectively, and deliver the healthiest, most innovative food solutions in a way that provides a safe and exciting experience to our clients and consumers.

The company's turnover totalled £1,501 million (2019: £2,082 million), a decrease of 28.0%. The company's operating loss margin was 5.4% (2019: 1.1%) resulting in an operating loss of £86.7 million (2019: £22.8 million). The company's loss before tax is £148.9 million (2019: loss £54.8 million).

The loss before tax includes a restructuring cost of £50m. This relates to a comprehensive restructuring exercise undertaken at the end of the year to identify and update onerous contracts and costs of change required. The provision was created for loss making contracts, asset impairments required and redundancy costs. £7m was created as a discounted forward loss provision on loss making contracts and £11m of assets were impaired. £21m of redundancy costs were incurred in the period with a liability also carried forward for a further £11m.

The company employs on average 54,960 employees (2019: 57,946) across the UK.

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

Commitment to corporate responsibility

Corporate responsibility (CR) underpins our business, enabling us to achieve our strategic goals in a responsible and sustainable way. We have identified three key CR pillars that address our most material business issues. These are: Health and Wellbeing - helping people to make better nutrition choices, follow healthier lifestyles and support good mental health; Environmental Game Changers - reducing food waste and single use plastics, and promoting plant-forward meals; Better for the World - sourcing responsibly, enriching local communities and collaborating for big change.

Strategic report for the year ended 30 September 2020 (continued)

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 (as disclosed above in the business review) are integral parts of the business process, and core activities throughout the Group.

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

The company's operations have been significantly disrupted as a result of the recent and rapid development of the COVID-19 pandemic outbreak. The rapidity with which the COVID-19 pandemic has spread is causing unprecedented uncertainty around the world for businesses and communities alike. The acceleration of special containment measures which have been adopted by governments and clients across the globe to protect as many lives as possible, have required the company to reduce or suspend business operations in certain sectors whilst creating a very challenging environment for those areas of our business that have been able to continue to operate during these extraordinary times.

The company has implemented a wide range of mitigating actions to adapt to a situation which continues to evolve on a daily basis. These actions include: i) steps to gradually mobilise resource as business returns to more normal levels; ii) provisions to safeguard the health and safety of employees; iii) action plans to manage costs and liquidity; and iv) incident management and business continuity plans.

Financial instruments

Treasury operations
Approved by the Board on 25 June 2021 and signed on its behalf by:
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.

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

Strategic report for the year ended 30 September 2020 (continued)

Future developments

Although COVID-19 has not changed our business model, the pandemic has temporarily impacted the business, the company has addressed this by reducing cost and focusing on cash. The company continues to see attractive growth opportunities in the longer term. By innovating and adapting our operations and our offering, we will ensure we continue to lead the industry and remain relevant to our clients.

Section 172(1) statement

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

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

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

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

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

As a parent holding entity for the Group’s UK and Irish businesses, the directors consider the Company’s key stakeholders as its workforce, customers, suppliers, JV partners and the local communities in which the UK and Ireland businesses operate. The views of and the impact of the Group’s activities on those stakeholders are an important consideration for the directors when making relevant decisions. 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 our stakeholder engagement best takes place at an operational or Group level. As well as being a more efficient and effective approach, the directors consider this also helps achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on the stakeholder engagement at a Group level, please see pages 28 to 29 of the Compass Group PLC 2020 Annual Report (the ARA).

Strategic report for the year ended 30 September 2020 (continued)

Section 172(1) statement (continued)

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

As a direct result of the impact of COVID-19, in order to protect the long-term success of the Company, the Board considered a restructuring of the business. The objective of the restructuring was to generate cost savings during a period of increased economic stress on the Group. In contemplating restructuring plans, the Board received and considered information in relation to the potential impact on the workforce and key stakeholders in other areas. In considering the impact of the restructuring, the directors considered the needs of the stakeholders as a whole in securing the Company's long-term future, concluding that a restructuring of the business was in the best interests of the majority of stakeholders and would bring long-term benefits and security. In response to feedback received from employees, the Board also considered and approved actions designed to mitigate the impact of the redundancy programme. These included, for example, opportunities for re-training, relocation and assistance to members of the workforce seeking new employment, as well as a series of engagement activities with the remaining members of the workforce and local community to respond to their concerns about the restructuring.

During the year a new role of 'Director of Diversity and Inclusion' was created at Group level to lead the D&I agenda, and liaise with the established employee group for key areas of D&I including LGBT (Pride in Food), ethnicity (Within) and gender (Women in Food). The Board considers that the development of the D&I agenda of the UK and Ireland businesses is in the best interests of the workforce and the Company's stakeholders as a whole. Following employee feedback, a decision was taken at Group level to become a co-signatory of the Social Mobility Pledge; become a Real Living Wage Recognised Service Provider; and for the Group to be one of the first businesses to welcome Kickstart colleagues into its business.

In deciding whether to adopt Compass Subsidiary Governance Code (the Code) the directors considered whether its adoption would be in the best interests of its stakeholders, including its shareholders, employees and other group companies. It was concluded that formalising the governance arrangements of the Company, particularly with regard to the consideration of stakeholder views when taking decisions, would be in the best interest of stakeholders as a whole.

Approved by the Board on 25 June 2021 and signed on its behalf by:

....

Sarah Sergeant Robin Mills
Director Director

Directors' report for the year ended 30 September 2020

The directors present their annual report and the financial statements for the year ended 30 September 2020.

Going concern

The Company has net current liabilities of £1,309m (2019: £1,007m) and generated a loss for the year then ended of £118.0m (2019: loss £46.9m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. Notwithstanding the current economic uncertainties arising from the COVID-19 pandemic, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

• The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Company is expected to continue to generate positive cash flows on its own account for that period, and taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Compass Group plc, to meet its liabilities as they fall due for that period.
• The Directors confirm that there is no intention to cease operations.
• Those forecasts are dependent on the company's ultimate parent company, Compass Group plc providing additional financial support during that period and not seeking repayment of the amounts due to the group.
• Compass Group PLC has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements.

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 are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividends

The directors do not recommend the payment of a dividend for the year (2019: £Nil).

The impact of uncertainties due to Britain exiting the European Union

The UK has now left the EU with a deal and the impact to the food supply chain has been greatly reduced. We are working our way through the fine detail to ensure that all impacts have been mitigated. With the Covid 19 impact on the UK workforce there is now little risk to our labour force from the EU exit. We will continue to monitor new trade deals that the UK reach with other nations to ensure we maximise any opportunities.

Directors' report for the year ended 30 September 2020 (continued)

Directors' of the company
The directors, who held office during the year, were as follows:
Donna Lisa Catley
Steven Robert Cenci
Christopher John Garside (resigned 25 November 2019)
Jodi Lea
Richard James Wallington Taylor (resigned 31 January 2020)
Mark John Webster
Kate Dunham (resigned 31 January 2020)
Charles Baxter Brown
Peter Julian Cincelli (resigned 31 May 2020)
Jonathan Mitchell Davies
Ian Christopher Murphy
Morag Freathy
Alice Elizabeth Woodwark (appointed 31 March 2020, resigned 31 December 2020)

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

Sarah Jane Sergeant (appointed 1 December 2019)
Ian Peter Cranna (appointed 6 January 2020)
Robin Ronald Mills (appointed 25 November 2019)
Chris Chidley (appointed 31 May 2020)

The following directors were appointed after the year end:

Matthew Owen Thomas (appointed 4 January 2021)

Employee involvement

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

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

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

Directors' report for the year ended 30 September 2020 (continued)

Section 172(1) statement

Statement of Corporate Governance Arrangements
Approved by the Board on 25 June 2021 and signed on its behalf by:
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 Group. The specific governance arrangements adopted by the Company are defined by the Code, the principles of which, and how the Company has applied them during the financial year, are detailed below.

Code Principle	How the Company has applied the Code
PURPOSE AND LEADERSHIP - The board will promote the purpose of the company, and ensure that its values, strategy and culture align with that of Compass Group PLC.	During the year, in accordance with their duties as directors of the Company, the directors promoted the purpose of the Company ensuring that its activities and goals were aligned to those of the Compass Group.
BOARD COMPOSITION - The board will be chaired effectively and composed of individuals with the requisite balance of skills, backgrounds, experience and knowledge. Individual directors will have sufficient capacity to make a valuable contribution.	The directors comprising the Board are all specialists in their respective fields. The directors of the Company also comprise the executive committee of the Company, and represent and lead the Company's commercial, finance, legal and human resources functions. Each director demonstrated the capacity to make a valuable contribution to the Company and board during the year.

Code Principle	How the Company has applied the Code
DIRECTOR RESPONSIBILITIES - The board and individual directors will have a clear understanding of their accountability and responsibilities. Board procedures will support effective decision-making and independent challenge.	A review of governance arrangements and directors' duties was undertaken during the year which refreshed the directors' knowledge of their responsibilities with respect to the Company. Board procedures were supported by the Compass Legal Department.
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.	Opportunity 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 41 to 49 of the Compass Group PLC Annual Report 2020.
STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT - The board will be responsible for ensuring the maintenance of stakeholder relationships and the oversight of engagement with stakeholders, including the workforce. The board will have regard to stakeholder views when taking decisions.	The board ensured that stakeholder relationships as were relevant to the status and purpose of the Company were maintained in line with Compass Group PLC policies and procedures. Details of how the directors considered stakeholders in the decision making process can be found in the S172 statement on page 5.

Directors' report for the year ended 30 September 2020 (continued)

Statement of Corporate Governance Arrangements (continued)

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. For the Company’s employees, engagement is achieved through management briefings, team meetings and town halls, bulletins and other in house publications and through the Group’s internal communications channels. Employees are also represented on the Group’s European Works Council, which provides a forum for exchanging information and engaging in consultation on the Group’s performance and plans, and relevant transnational issues affecting those countries in the EEA and the UK. 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 28 to 29, 51 to 57, 84 to 86 and 157 to 158 of the ARA.

Employees are offered a range of benefits, such as private medical cover, depending on the local environment. Priority is given to the training of employees and the development of their skills is of prime importance. Employment of disabled people is considered on merit with regard only to the ability of any applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. An employee becoming disabled would, where appropriate, be offered retraining.

Business Relationships

The Company has limited engagement with external parties such as suppliers, clients, consumers and others, this being delegated to the operational functions within the business. In the limited circumstances where the Company does interact with external business partners, in line with the Group’s policies and procedures the directors promote and ensure the highest standards of ethical behaviour and probity in the Company’s business dealings. For further information on how the Group fosters business relationships with its business partners see pages 28 and 29 of the ARA.

Disclosure of information to the auditors

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

Auditor

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

Approved by the Board on 25 June 2021 and signed on its behalf by:

....

Sarah Sergeant
Director

....

Robin Mills
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 Compass Contract Services (U.K.) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Compass Contract Services (U.K.) Limited ("the company") for the year ended 30 September 2020 which comprise of 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 2020 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Report on the audit of the financial statements (continued)

Approved by the Board on 25 June 2021 and signed on its behalf by:

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

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

Date: 28 June 2021

Income statement

For the year ended 30 September 2020

	Note	2020 £000	2019 £000
Turnover	2	1,500,701	2,082,878
Operating costs		(1,587,384)	(2,060,118)
Operating (loss) / profit	3	**(86,683)**	**22,760**
Income from associated undertaking		3,256	7,424
Other interest receivable and similar income	4	11,897	18,096
Interest payable and similar charges	5	(27,174)	(18,839)
Re-structuring costs	3, 19	(50,178)	(84,268)
Loss on ordinary activities before taxation	3	**(148,882)**	**(54,827)**
Tax charge on profit on ordinary activities	8	30,870	7,885
Loss for the financial year		**(118,012)**	**(46,942)**

The above results were derived from continuing operations.

Statement of comprehensive income

For the year ended 30 September 2020

	2020 £000	2019 £000
Loss for the financial year	(118,012)	(46,942)
Items that will not be recycled to profit or loss:		
Actuarial gains and losses on defined benefit pension plans	(10,647)	103,787
Deferred tax on items that will not be recycled to profit or loss	(6,925)	(17,643)
	(17,572)	86,144
Total comprehensive loss for the year	(135,584)	39,202

Results relate entirely to continuing operations.

Balance sheet

As at 30 September 2020

	Note	2020 £000	2019 £000
Fixed assets			
Goodwill	10	1,321,199	1,321,199
Intangible assets	10	47,186	54,594
Contract fulfilment assets and contract costs	11	13,783	16,187
Tangible assets	12	87,135	117,469
Right of use of assets	18	195,344	-
Investments	13	91,503	91,393
Pension asset	22	441,151	447,412
		2,197,301	2,048,254
Current assets			
Stocks	14	23,497	29,924
Debtors (including Nil (2019: £4.8m) due after > 1 year	15	817,429	943,939
Cash at bank and in hand		14,586	37,191
		855,512	1,011,054
Creditors: Amounts falling due within one year	16	(2,114,774)	(2,018,338)
Net current liabilities		**(1,259,262)**	**(1,007,284)**
Total assets less current liabilities		**938,039**	**1,040,970**
Creditors: Amounts falling due after one year	17	(333,332)	(284,066)
Provisions for liabilities	19	(42,699)	(59,801)
Net Assets		**562,008**	**697,103**
Capital and reserves			
Called up share capital	20	961,505	961,505
Equity reserve		38,937	38,448
Retained earnings		(438,434)	(302,850)
Shareholders' funds		**562,008**	**697,103**

Approved by the Board on 25 June 2021 and signed on its behalf by:

....
Sarah Sergeant
Director

....
Robin Mills
Director

Statement of changes in equity

For the year ended 30 September 2020

	Share capital £000	Equity reserves £000	Retained earnings £000	Total £000
At 1 October 2019	961,505	38,448	(302,850)	697,103
Loss for the year	-	-	(118,012)	(118,012)
Other comprehensive income	-	-	(17,572)	(17,572)
Share based payment transactions	-	489	-	489
At 30 September 2020	961,505	38,937	(438,434)	562,008

For the year ended 30 September 2019

	Share capital £000	Equity reserves £000	Retained earnings £000	Total £000
At 30 September 2018	961,505	37,025	(340,412)	658,118
Impact of change in accounting standards - IFRS 9	-	-	(3,445)	(3,445)
Impact of change in accounting standards - IFRS 15	-	-	1,805	1,805
At 1 October 2018	961,505	37,025	(342,052)	656,478
Loss for the year	-	-	(46,942)	(46,942)
Other comprehensive income	-	-	86,144	86,144
Share based payment transactions	-	1,423	-	1,423
At 30 September 2019	961,505	38,448	(302,850)	697,103

Notes to the financial statements for the year ended 30 September 2020

1. Accounting policies

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

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

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

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 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.

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

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

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

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

Basis of measurement

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Going concern

The Company has net current liabilities of £1,309m (2019: £1,007m) and generated a loss for the year then ended of £118.0m (2019: loss £46.9m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. Notwithstanding the current economic uncertainties arising from the COVID-19 pandemic, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

• The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Company is expected to continue to generate positive cash flows on its own account for that period, and taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Compass Group plc, to meet its liabilities as they fall due for that period.
• The Directors confirm that there is no intention to cease operations.
• Those forecasts are dependent on the company's ultimate parent company, Compass Group plc providing additional financial support during that period and not seeking repayment of the amounts due to the group.
• Compass Group PLC has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements.

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 are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Functional and presentation currency

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

Estimates and judgements

The preparation of the financial statements in conformity with 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 believe that the 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 are the valuation of goodwill and investments and the assumptions used for the pension valuation. Provisions are measured at the directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material.

Notes to the financial statements for the year ended 30 September 2020 (continued)

Estimates and judgements (continued)

These accounting estimates, assumptions and judgements are based on historical experience and are reviewed on an ongoing basis to ensure that they are appropriate with consideration of any internal and external factors. Sensitivity analysis is also performed on key assumptions to determine the impact of a change in these assumptions.

Goodwill and investments are tested annually for impairment. For the test of whether goodwill has suffered any impairment, the recoverable amounts are based on value in use calculations. These calculations require estimates and assumptions consistent with the most up to date budgets and plans that have been approved by management. The key assumptions are set out in note 10.

The company's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19. The present value of the defined benefit liabilities is based on assumptions determined with independent actuarial advice. The size of the net surplus/deficit is sensitive to the market value of the assets held by the schemes and to actuarial assumptions, which include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the levels of contributions.

The restructuring provision was established under IAS 37 to provide for onerous contracts, in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Assets directly attributable to the contract were first impaired. Forward loss provisions were created for remaining losses until the end of individual contracts. The future losses were calculated using estimates and assumptions approved by mangement and were discounted at 5.9%. An assessment of onerous contracts is made annually.

Provisions are measured at the directors best estimate of the cost of settling these liabilities and discounted to present value where the effect is material. Uncertainity would lie in trading assumptions made for future years, e.g., in revenue forecasts, inflation and cost saving initiatives. The best estimate will be the lower of exiting the contract, where that option is available, and continuing to trade at current levels adjusting for any material risks or opportunities.

COVID-19 specific related estimates

Recoverability of contract related non-current assets (contract fulfilment assets and contract costs, right of use assets, property, plant and equipment and intangible assets)

The Company has tested for impairment all of its contract related non-current assets where there are indicators of impairment. Impairment indicators were considered to be present when client contracts had low profitability or were loss making due to a reduction in volumes as a result of COVID-19. In these instances, management has estimated the recoverable value of these assets and compared it to their carrying value in order to estimate any impairment to be recorded. The estimate of the recoverable amount was derived from the most recent management forecasts in relation to the likely trading performance over the remaining life of the contracts, taking into account the impact of COVID-19 and likelihood of a further waves, the time period of government enforced restrictions and the extent to which performance would recover in the following year. Due to the significant uncertainty regarding the ultimate impact of COVID-19, the assumptions used in these estimates include an increased level of inherent uncertainty.

Impairment of trade receivables

The Company considers that, given the widespread impact that the COVID-19 pandemic is having globally with the resulting economic downturn, there is additional uncertainity when determining the assumptions used in calculating expected future credit losses. The Company has no significant credit concentration risk.

Notes to the financial statements for the year ended 30 September 2020 (continued)

Foreign currency

Foreign currency transactions

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

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

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

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

Non-derivative financial instruments

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

Trade and other debtors

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

Trade and other creditors

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

Investments in debt and equity securities

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Cash and cash equivalents

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

Non-derivative financial liabilities

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

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

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

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

Share capital

Ordinary shares

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

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Non-financial assets

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

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

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

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. Under IAS 17, the Company had leases which were classified as finance leases as the Company has assumed substantially all the risks and rewards of ownership of the lease asset.

Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Prior to 1 October 2019, these leased assets acquired by way of finance leases were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less acumulated depreciation and less accumulated impairment losses. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 1 October 2019 are described in the Leases accounting policy below.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Goodwill

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

Intangible assets

Amortisation

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Defined contribution plan

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

Defined employee benefit plan

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

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

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

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

Other long-term employee benefits

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

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Short-term employee benefits

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

Share-based payment transactions

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

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and

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

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

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

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

Provisions

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

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.

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Government Grant

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction of the related expenses in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Turnover

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

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

Performance obligations

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

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

Transaction price

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Turnover (continued)

Timing of revenue recognition

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

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

Taxation

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

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

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

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

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

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

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Leases

The Company has adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Under IFRS 16, leases, other than short term leases and leases of low value assets, give rise to the reconginition of lease liabilities for future lease payments and corresponding right of use assets, representing the right to use the leased item.

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

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

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

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

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

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

Expenses

Interest receivable and Interest payable

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

1. Accounting policies (continued)

Business Combinations

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

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the company measures goodwill at the acquisition date as:
- estimated amount of contingent consideration (see below); plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Changes in significant accounting policies

Impact of the adoption of IFRS 16

The Company has adopted IFRS 16 'Leases' on 1 October 2019 using the modified retrospective transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'. The impact of the adoption of IFRS 16 'Leases' on the Company's financial statements is included below.

The table below sets out the opening balance sheet adjustments recognised at the date of initial application of IFRS 16. Where practical, line items which are not impacted by the adoption have been aggregated within the relevant sub-totals:

	30 Sep 2019 (IAS 17 basis) **£ 000**	(IFRS 16) **£ 000**	1 Oct 2019 (IFRS 16 basis) **£ 000**
Non-current assets			
Right of use assets	-	209,702	209,702
Current liabilities			
Short term lease liabilities	-	(28,215)	(28,215)
Non current liabilities			
Long term lease liabilities	-	(192,642)	(192,642)

Upon transition on 1 October 2019, the Company recognised additional lease liabilities of £221m for the present value of the lease payments due under the lease contracts. The right of use assets of £210m is recognised at an amount equal to the lease liability and adjusted by property, plant and equipment held under finance leases, existing prepaid or accrued lease payments, lease incentives and onerous lease provisions recognised in the balance sheet at the date of the initial application. The net impact on the balance sheet is £Nil.

The table below presents a reconciliation of the minimum operating lease commitments disclosed applying IAS 17 at 30 September 2019 to the lease liabilities recognised at 1 October 2019 under IFRS 16:

Notes to the financial statements for the year ended 30 September 2020 (continued)

Changes in significant accounting policies (continued)

Impact of the adoption of IFRS 16 (continued)

	£ 000
Total minimum lease payments reported at 30 September 2019 under IAS 17	287,947
Impact of discounting	(115,486)
Short terms leases	(2,440)
Low value leases	(1,069)
Leases not yet commenced	(461)
Extension and termination options reasonably certain to be	52,365
Additional lease liabilities recognised on transition to IFRS 16 at 1 October	**220,856**
Existing finance leases	-
Total lease liabilities recognised as at 1 October 2019	**220,856**

The reconciling items included in the table above are as follows:
- impact of discounting: previously disclosed lease commitments were undiscounted and under the modified retrospective transition method, lease payments were discounted on transition using an incremental borrowing rate.

- short term leases: the Company has applied the practical expedient to classify leases with a lease term ending within 12 months of the date of initial application of IFRS 16 as short term leases. The Company has also adopted the accounting policy recognition exemption for short term leases.

- low value leases: the Company has applied the practical expedient to classify leases with an underlying asset value of £5,000 or less as low value leases. The Company has also adopted the accounting policy recognition exemption for low value leases

Income statement

Under IFRS 16, the operating lease expense previously reported in operating costs has been replaced by a depreciation of the right of use asset, which is lower than the operating lease expense recognised under IAS 17, and a separate interest expense on the lease liabilities, recorded in finance costs. These changes result in a higher operating profit, operating margin and finance costs and in a lower profit before tax for the period. The Company transitioned to IFRS 16 using the modified retrospective approach without restating prior period comparatives, therefore prior period comparatives reported under IAS 17 are not directly comparable.

Refer above for the Leases accounting policy.

2. Turnover

The analysis of turnover by geographical area is as follows:

	2020 £000	**2019 £000**
United Kingdom	1,500,701	2,082,878

3. Expenses

Included in profit are the following:

	2020 £000	**2019 £000**
Raw material and consumables	424,954	639,995
Other external charges	259,704	332,248
Loss on disposal of fixed assets	1,118	1,205

Notes to the financial statements for the year ended 30 September 2020 (continued)

3. Expenses (continued)

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

	2020 £000	2019 £000
Owned and leased assets	30,721	35,072
Amortisation of intangible fixed assets	7,508	12,185
Amortisation of contract fulfilment assets	2,808	3,036

Other external charges include:

	2020 £000	2019 £000
Property lease rentals	2,623	2,631
Concession rentals	-	28,466
Other operating leases	-	5,864
Group Management charges	6,206	6,305
Government grants (income)	(113,283)	-
Re-structuring charge	50,178	84,268

The loss before tax includes a restructuring cost of £50m. This relates to a comprehensive restructuring exercise undertaken at the end of the year to identify and update onerous contracts and costs of change required. The provision was created for loss making contracts, asset impairments required and redundancy costs. £7m was created as a discounted forward loss provision on loss making contracts and £11m of assets were impaired. £21m of redundancy costs were incurred in the period with a liability also carried forward for a further £11m.

The government have facilitated labour grants since the start of the pandemic. The company has taken up the coronavirus job retention wage subsidy scheme (CJRS) which ran from the 31st March until 30 September 2020. The scheme was facilitated by the company through payroll and the amount available to claim was 80% of the normal working hours of an employee as per guidance from HRMC, please note this can sometimes differ from an employees contracted hours. The scheme is expected to run until September 2021 with the introduction of flexible furlough allowing for more dynamic decision making to help with the changing status of the government guidelines.

	2020 £000
Redundancy	21,178
Onerous contracts	11,000
Asset impairments	7,000
Other	11,000
	50,178

Auditor's remuneration:

	2020 £000	2019 £000
Audit of the financial statements	248	261

4. Other interest receivable and similar income

	2020 £000	2019 £000
Pension scheme interest	8,035	10,061
Other interest receivable	3,862	8,035
	11,897	18,096

Notes to the financial statements for the year ended 30 September 2020 (continued)

5. Other interest payable and similar charges

	2020 £000	2019 £000
Interest on lease liabilities	10,149	-
Interest on loans with group companies	16,976	18,520
Unwinding of discount on provisions	49	319
	27,174	18,839

6. Employee information

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

	2020 No.	2019 No.
Field	54,501	57,506
Administration	459	440
	54,960	57,946

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

	2020 £000	2019 £000
Wages and salaries	738,971	900,254
Social security costs	52,500	54,039
Share-based payment expenses	489	1,423
Pension costs	23,279	20,610
	815,239	976,326

7. Directors' remuneration

	2020 £000	2019 £000
Directors' Emoluments	3,028	2,691
Pension contributions	116	108
Shares based payments	844	913
	3,988	3,712

Notes to the financial statements for the year ended 30 September 2020 (continued)

7. Directors' remuneration (continued)

In respect of the highest paid director:

	2020 £000	2019 £000
Directors' emoluments	343	238
Share based payments	451	297
	794	535

	2020 No.	2019 No.
Number of directors who are active members of a defined benefit pension scheme	-	-
Number of directors who exercised share options in the period	10	12

8. Taxation

Analysis of charge in period

	2020 £000	2019 £000
UK corporation tax		
Tax on income for the year	(27,584)	(2,808)
Adjustment in respect of previous years	(495)	(1,568)
Total current tax	(28,079)	(4,376)
Deferred tax		
Origination and reversal of timing differences	(36)	(3,953)
Adjustments to deferred tax charge in respect of previous years	818	89
Remeasurement of deferred tax - change in UK tax rate	(3,573)	355
Total deferred tax (note 9)	(2,791)	(3,509)
Tax (credit) / charge on profit on ordinary activities	(30,870)	(7,885)

The tax assessed for the period is higher (2019: lower) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2020 of 19% (2019: 19%). The differences are explained below:

The differences are reconciled below:

	2020 £000	2019 £000
Profit on ordinary activities before taxation	(148,883)	(54,827)
Tax at 19% (2019: 19%)	(28,288)	(10,417)
Permanent differences	893	3,887
Adjustment required under transfer pricing regulations	(225)	(231)
Adjustments to tax charge in respect of previous years	(495)	(1,568)
Adjustments to deferred tax charge in respect of previous years	818	89
Remeasurement of deferred tax- change in UK tax rate	(3,573)	355
Total tax charge	(30,870)	(7,885)

Notes to the financial statements for the year ended 30 September 2020 (continued)

8. Taxation (continued)

Factors that may affect future charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability has been revalued based on these rates during the year leading to the profit and loss movement on rates change disclosed above.

9. Deferred tax

The elements of deferred taxation are as follows:

	2020 £000	2019 £000
Differences between accumulated depreciation and capital allowances	33,850	28,583
Other timing differences	130	1,871
Deferred tax on pension assets	(82,301)	(74,862)
Share based payments	189	541
Deferred tax liability on contract intangible asset	(1,134)	(1,266)
	(49,266)	(45,133)

The movement on deferred taxation is as follows:

	2020 £000	2019 £000
Deferred tax liability at start of the financial year	(45,133)	(31,274)
- Origination and reversal of timing differences	36	3,598
- Change in deferred tax rates	3,573	-
- Adjustment in respect of previous years	(818)	(89)
Deferred tax credit in Other Comprehensive Income	(6,924)	(17,368)
Deferred tax on contract intangible asset	-	-
Deferred tax at 30 September	(49,266)	(45,133)

Notes to the financial statements for the year ended 30 September 2020 (continued)

10. Intangible fixed assets

	Goodwill	Other Intangibles	Software	Contract Intangible Assets	Contract Advance	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 October 2019	1,751,853	57,424	71,218	27,586	-	1,908,081
Additions	-	1,998	10,557	-	-	12,556
Disposals	-	(2,689)	(728)	-	-	(3,416)
At 30 September 2020	1,751,853	56,734	81,048	27,586	-	1,917,221
Accumulated amortisation and impairment provisions						
At 1 October 2019	430,654	31,369	55,546	14,719	-	532,288
Amortisation charge	-	2,235	4,129	1,145		7,508
Impairment	-	4,271	5,693			9,964
Disposals	-	(279)	(646)			(925)
At 30 September 2020	430,654	37,596	64,721	15,864	-	548,835
Net book value						
At 30 September 2020	1,321,199	19,137	16,327	11,722	-	1,368,385
At 30 September 2019	1,321,199	26,055	15,672	12,867	-	1,375,793

Impairment Testing

The Directors test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Recoverable amount has been determined with reference to the value in use of the cash-generating units. The value in use is based on a 50 year time period discounted at the group pre-tax risk adjusted weighted average cost of capital rate of 7.3% (2019: 6.7%) and use cash flow forecasts derived from the most recent financial budgets and forecasts approved by management covering a five year period. Budgets and forecasts are based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth, from both new business and like for like growth and taking into consideration external economic factors. Cash flows beyond the five year period are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long term average growth rate for that country.

Cash flow projections for the 5 years following the year ended 30 September 2020 include a 1.7% growth (2019: 2%) based on recent forecasts considering market conditions and expected contract gains. Long-term cash flow projections are based on constant growth of 1.7% (2019: 2%). The directors believe that the use of this growth rate as a basis for long-term projections is reasonable given current forecasted expectations and is sufficient to account for long-term sensitivities. Sensitivities have been performed on key assumptions and the goodwill is not deemed sensitive in these areas.

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

11. Contract balances

Contract Costs	2020 £000	2019 £000
Contract fulfilment assets	12,470	14,588
Costs to obtain contracts	1,313	1,599
	13,783	16,187

Contract fulfilment	2020 £000	2019 £000
At 1 October	14,588	-
Additions	690	-
Reclassified from intangible assets (contract advances)	-	17,624
Charge for the year	(2,808)	(3,036)
At 30 September	12,470	14,588

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. When such indicators exist, the Company determines the recoverability by comparing their carrying amount to the remaining consideration that the Company expects to receive less costs associated to providing services under the relevant contract. Management is required to make an assessment of the costs that relate to providing services under the relevant contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time and anticipated profitability of the contract.

If any indicator of impairment are identified, judgement is applied to ascertain whether or not the future economic benefits from these contracts are sufficient to recover these assets. The directors believe that there is no impairment required.

12. Tangible fixed assets

	Freehold land and buildings £000	Plant & vehicles £000	Furniture fittings, tools & equipment £000	Total £000
Cost				
At 1 October 2019	275	227,304	144,740	372,319
Additions	-	9,203	11,409	20,611
Businesses acquired	-	-	-	-
Transfer from fellow group companies	-	40	-	40
Disposals	-	(6,147)	(4,768)	(10,915)
At 30 September 2020	275	230,400	151,380	382,055
Depreciation				
At 1 October 2019	226	150,464	104,160	254,850
Charge	19	14,320	16,382	30,721
Impairments		7,167	10,751	17,918
Transfer from fellow group companies	-	29		29
Disposals	-	(5,047)	(3,551)	(8,598)
At 30 September 2020	245	166,933	127,742	294,920
Net book value				
At 30 September 2020	30	63,467	23,638	87,135
At 30 September 2019	49	76,840	40,580	117,469

Notes to the financial statements for the year ended 30 September 2020 (continued)

13. Investments

	Participating interests	Shares in group under-takings	Other investments other than loans	Total
	£000	£000	£000	£000
Investments				
At 1 October 2019	96,056	6,487	1,425	103,968
Additions	-	-	110	110
Amortisation	-	-	-	-
At 30 September 2020	96,056	6,487	1,535	104,078
Provision				
At 30 September 2019	5,837	6,123	615	12,575
At 30 September 2020	-	-	-	-
Carry amount				
At 30 September 2020	90,219	364	920	91,503
At 30 September 2019	90,219	364	810	91,393

Subsidiary

Details of the subsidiaries as at 30 September 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Ownership %
Bateman Healthcare Services Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	99%
Chartwells Hounslow (Feeding Futures) Limited*	Caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	75%
Compass Security Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	50%
Compass Offshore Catering Limited*	Dormant	13 Carden Place, Aberdeen, Aberdeenshire, AB10 1UR.	100%
Compass Restaurant Properties Limited*	Dormant	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Compass Services Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Compass Services (UK) Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%
Cygnet Foods Holding Limited*	Contract caterers	Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ.	100%

Notes to the financial statements for the year ended 30 September 2020 (continued)

13. Investments (continued)

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

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

13. Investments (continued)

Associates

The following companies are participating interests as at 30 September 2020:

Name of associates	Principal activity	Registered office	Proportion of ownership interest and voting rights held %
Twickenham Experience Limited	Hospitality services	Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA.	16%
Oval Events Limited	Hospitality services	The Oval, Kennington, London, SE11 5SS.	37.5%
Edgbaston Experience Limited	Hospitality services	County Ground, Edgbaston, Birmingham, B5 7QU.	25%
Millennium Stadium Experience Limited	Hospitality services	Principality Stadium, Westgate Street, Cardiff, Wales, CF10 1NS.	16.5%

The investment in Twickenham Experience Limited covers 40% of voting rights and has a 30 June year end.
The investment in Oval Events Limited covers 25% of voting rights and has a 30 November year end.
The investment in Edgbaston Experience Limited covers 25% of voting rights and has a 31 December year end.
The investment in MSEL Limited was made during the financial year and covers 16.5% of voting rights and has a 30 June year end.

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

14. Stock

	2020 £000	2019 £000
Raw materials and consumables	23,497	29,924

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

Raw materials, consumables and work in progress recognised as cost of sales in the year amounted to £369,969,115 (2019: £575,348,333). There was no write down or reversal of write down during the year (2019: Nil).

Notes to the financial statements for the year ended 30 September 2020 (continued)

15. Debtors

	2020 £000	2019 £000
Trade debtors	135,066	154,682
Amounts owed by other group companies	538,563	619,876
Other debtors	8,353	16,670
Corporation tax receivable	27,584	2,808
Prepayments and accrued income	107,863	149,903
	817,429	943,939

Of the above £539m amounts owed by other group companies £292m are deposit agreements with group companies that have an expiry date agreed upon written notice at an interest of 1 month LIBID LIBOR.

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

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

Trade debtor days at 30 September 2020 were 33 days (2019: 27 days).

16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	80,849	205,608
Amounts owed to group undertakings	1,513,728	1,533,220
Accrued expenses and deferred income	150,251	128,318
Social security and other taxes	68,069	29,680
Corporation tax payable	-	-
Other creditors	80,120	76,379
Deferred tax liability	-	45,133
Obligations under finance leases and hire purchase contracts	221,757	-
	2,114,774	2,018,338

Of the above amounts owed to other group undertakings, £253m are intercompany loans with group companies, of which £88m are group loans that are renewed annually at an interest of 6 months LIBOR and £165m of group loans that are automatically renewed annually and are interest free or have a range of interest of 1 to 6 months LIBOR.

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

17. Creditors: Amounts falling due after one year

	2020 £000	2019 £000
Deferred tax liability (see note 9)	49,266	-
Amounts owed to group undertakings	284,066	284,066
	333,332	284,066

18. Leases

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

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

	Land and buildings £000	Concessions £000	Plant and machinery £000	Fixture and fittings £000	Total £000
Right of use assets					
At 1 October 2019	98,415	103,000	7,523	763	209,702
Additions	1,082	5,134	2,378	528	9,122
Lease amendments	1,719	3,050	(808)	(202)	3,759
Impairments	(4,363)	-	-	-	(4,363)
Depreciation expense	(7,430)	(11,864)	(3,278)	(303)	(22,875)
At 30 September 2020	89,423	99,320	5,815	786	195,344

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

	£000
Lease Liabilities Maturity Analysis	
Less than 1 year	30,047
Between 1 and 5 years	102,471
Over 5 years	193,221
Total undiscounted lease liabilities	325,739
Impact of discounting	(109,104)
Lease liabilities included in the balance sheet	216,635

	£000
Comprised of	
Current	29,141
Non-current	187,494

	£000
Amounts recognised in the income statement	
Expenses relating to short term leases	1,588
Expenses relating to low value leases	838
Depreciation expense of right of use assets	25,355
Interest on lease liabilities	10,149
Total	37,930

Notes to the financial statements for the year ended 30 September 2020 (continued)

19. Provisions for liabilities

	Onerous contracts £000	Re-structure £000	Property provision £000	Total £000
At 1 October 2019	3,187	55,911	703	59,801
Charged to profit and loss	520	45,237	1,063	46,820
Utilised in year	(3,483)	(40,029)	(1,379)	(44,891)
Unwinding of discount	-	-	49	49
Release to profit and loss account	-	-	(93)	(93)
Transfers	-	(18,987)	-	(18,987)
At 30 September 2020	224	42,132	343	42,699

The restructure costs charged to the P&L summarised in the table include £11m of onerous contract provisions, £21m of redundancy costs. The redundancy costs were utilised in the year and the onerous contract provisions will reduce over the life of the contract as costs are incurred.

20. Called up share capital

Allotted, called up and fully paid shares

Called up share capital

	30 September 2020		30 September 2019	
	No. 000	£000	No. 000	£000
961,505,002 Called up, allotted and fully paid	961,505	961,505	961,505	961,505

21. Contingent liabilities

	2020 £000	2019 £000
Performance bonds have been taken out to the extent of	11,535	4,687

Under a group registration the company is jointly and severally liable for VAT due by the other companies within the group registration. At 30 September 2020 this contingent liability amounted to £119,982 (2019: £24,043,870).

22. Pensions

Within the UK there are now three main arrangements: the Compass Retirement Income Savings Plan (‘CRISP’), the Compass Group Pension Plan, (‘the Plan’) and the National Employment Savings Trust (NEST). CRISP was launched on 1 February 2003. This has been the main vehicle for pension provision for new joiners in the UK since that date but existing members of the Plan had continued to accrue benefits under those arrangements up until 5 April 2010. CRISP is a contracted-in money purchase arrangement whereby the Group 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 will receive an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Company’s discretion. The payment towards CHIP may be taken in part, or in whole, as a cash supplement instead of a pension contribution.

CRISP has a corporate trustee. The Chairman is a former employee of the Group. The other five trustee directors are UK based employees of the Group, three of whom have been nominated by CRISP members.

Notes to the financial statements for the year ended 30 September 2020 (continued)

22. Pensions (continued)

The Plan is a defined benefit arrangement. Those UK employees who transfer 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 therefore the approach has been that the Group participates in the relevant public-sector pension scheme and closes the Plan to future entrants. The Plan closed to future accrual for all existing members, other than GAD members, on 5 April 2010. The affected members were offered membership of CRISP from 6 April 2010.

The Plan is operated on a pre-funded basis. The funding policy is to contribute such variable amounts, on the advice of the actuary, as achieves a 100% funding level on a projected salary basis. The actuarial assessments covering expense and contributions are carried out by independent qualified actuaries. A formal actuarial valuation of the Plan is carried out every three years. The most recent valuation of the Plan took place as at 5 April 2019. At the valuation date the total market value of the assets of the Plan was £2,563 million which represented 106% of the benefits that had accrued to members after allowing for expected future increases in earnings.

As the Compass Group Pension Plan has members that are employed by more than one legal entity the directors do not consider that it is practical to provide the information individually for Quadrant Catering Limited. As the assets and liabilities are not separately identifiable, the pension scheme is accounted for as a defined contribution scheme.

By agreement with the trustees, the Company is no longer funding any deficit. The next triennial valuation is due to be completed as at 5 April 2022. The Plan is reappraised annually by independent actuaries in accordance with IAS 19 'Employee benefits' requirements.

The 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 Plan members).

The Company became subject to the Pensions Automatic Enrolment Regulations for its workforce in the UK. Both the Plan and CRISP are compliant arrangements under these Regulations and have been registered as such.

All new UK employees who meet the statutory eligibility criteria, and are not already in one of these registered compliant arrangements, are automatically enrolled into the National Employment Savings Trust (NEST). The Company considers that NEST provides the right type of service, communication material and investment choice for our employees and that it has the capabilities to support a company as large and diverse as Compass.

The UK Plan has to provide a minimum benefit for service known as Guaranteed Minimum Pension (GMP) which, as a result of statutory rules, is calculated differently for men and women. Although equal treatment in pension provision for males and females is required, there has been uncertainty on whether and how pension schemes should equalise GMPs in practice. In line with most other UK pension schemes, the UK Plan has not yet equalised GMPs, nor has the Group historically recorded an obligation for such equalisation on the balance sheet.

Compass group pension plan

A judgement on the Lloyds Banking Group High Court hearing on GMP equalisation was published on 26 October 2018. The judgement indicates that pension trustees need to amend scheme benefits to equalise for the effect of unequal GMPs and indicates an acceptable range of methods for how to do so.

This recent judgement therefore creates an obligation to equalise for all schemes that provide GMPs, including the UK Plan. Based on the actuarial advice past service costs of £12 million have been recognised in the income statement.

The contributions payable for defined contribution schemes of £13,864,638 (2019: £14,200,062) have been fully expensed against profits in the current year.

Notes to the financial statements for the year ended 30 September 2020 (continued)

22. Pensions (continued)

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

The company made contributions to the Plan of £1.4m in the year (2019: £1.2m).

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

	30 September 2020 %	30 September 2019 %
Discount rate	1.65	1.80
Inflation	3.20	3.30
CPI inflation assumption	2.20	2.30
Rates of increase of salaries	3.20	3.30
Rates of increase of pensions in payment	3.10	3.20
Rates of increase for deferred pensions	2.70	2.80

The mortality assumptions used to value the current year UK pension schemes are derived from the S3PA generational mortality tables (2019: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2019 Continuous Mortality Investigation of the UK actuarial profession (2019: 2018 model), with an S-kappa of 7.5, with 115% weighting for male non-pensioners, 111% for male pensioners (2019: 115% weighting for male non-pensioners, 111% for male pensioners) and 102% weighting for all females (2019: 102% weighting for all females), with a long term underpin of 1.5% p.a. (2019: 1.5% p.a.). 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 average duration of the UK plans' liabilities to be 18 years (2019: 18 years).

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

	30 September 2020 Year	30 September 2019 Year
Current UK pensioners at retirement age - male	21.50	21.50
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	23.40	24.40
Future UK pensioners at retirement age - female	26.60	26.50

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

Sensitivity of principle assumptions

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

Notes to the financial statements for the year ended 30 September 2020 (continued)

22. Pensions (continued)

Sensitivity of principle assumptions (continued)

	Change in assumption	Impact on scheme deficit 2020	Impact on scheme deficit 2019
Discount rate	Increase by 0.5%	Decrease by £209m	Decrease by £212m
	Decrease by 0.5%	Increase by £226m	Increase by £227m
Inflation	Increase by 0.5%	Increase by £126m	Increase by £139m
	Decrease by 0.5%	Decrease by £120m	Decrease by £117m
CPI Inflation	Increase by 0.5%	Increase by £31m	Increase by £31m
	Decrease by 0.5%	Decrease by £28m	Decrease by £26m
Life expectations from age 65	Increase by 1 year	Increase by £110m	Increase by £105m
Life expectations - annual	Increase by 1.5 per annum	Increase by £38m	Increase by £38m

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 2020, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of debt securities. The fair value of these assets is shown below by major category:

	30 September 2020 £000	30 September 2019 £000
Global equities quoted	134,724	146,603
UK fixed interest quoted	746,163	577,694
UK index link quoted	1,273,289	1,346,666
Corporate bonds quoted	470,499	551,170
Property funds quoted	194,572	196,992
Cash and cash equivalents	8,763	8,560
	2,828,010	2,827,685

The UK Plan has substantial holdings of diversified global equity type investments, mainly shares in listed companies. The return on these investments is variable, and they are generally considered to be 'riskier' investments. However, it is generally accepted that the yield on these investments will contain a premium to compensate investors for this additional risk. There is significant uncertainty about the likely size of this risk premium. In respect of investments held in global equities there is also a risk of unfavourable currency movements. The trustee manages these risks by holding approximately 50% of those investments in funds which are hedged against currency movements.

The trustee also 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 HM 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.

Notes to the financial statements for the year ended 30 September 2020 (continued)

22. Pensions (continued)

Movements in the fair value of plan assets

	30 September 2020 £000	30 September 2019 £000
At 1 October	2,827,685	2,425,653
Interest income	50,111	69,017
Return on plan assets, excluding amounts included in interest income/(expense)	37,726	424,533
Employee contributions	114	124
Employer contributions	1,385	1,197
Benefits paid	(85,440)	(92,376)
Administrative expenses paid from plan assets	(3,571)	(463)
At 30 September	2,828,010	2,827,685

Movements in the present value of defined benefit obligations

	30 September 2020 £000	30 September 2019 £000
At 1 October	2,380,273	2,079,161
Current service cost	1,463	1,339
Past service cost	-	12,323
Interest expense on benefit obligations	42,076	58,956
Remeasurements - demographic assumptions	11,922	(105,742)
Remeasurements - financial assumptions	36,451	431,729
Remeasurements - experience adjustments	-	(5,241)
Employee contributions	114	124
Benefits paid	(85,440)	(92,376)
At 30 September	2,386,859	2,380,273

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

	30 September 2020 £000	30 September 2019 £000
The amounts recognised in the statement of financial position are as follows:		
Fair value of scheme assets	(2,828,010)	(2,827,685)
Present value of scheme liabilities	2,386,859	2,380,273
Defined benefit pension scheme deficit	(441,151)	(447,412)

23. Share based payments

Income statement expense

The Company recognised an expense of £489,000 (2019: £1,423,000) in respect of share-based payment transactions. The share-based payment credit for long term incentive plans reflects management's latest view in relation to vesting conditions as a result of COVID-19 pandemic. All remaining share based payment plans are equity-settled.

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

	2020 £000	2019 £000
Long-term incentive plans (LTIP)	(325)	1,160
Other share-based payment plans	814	263
	489	1,423

Notes to the financial statements for the year ended 30 September 2020 (continued)

Long term incentive plans

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

	30 September 2020 Number	30 September 2019 Number
Outstanding at start of the financial year	256,781	253,105
Awarded	96,305	101,638
Transfer (to)/from fellow subsidiaries	28,000	5,198
Cancelled	(32,105)	-
Vested	(80,447)	(72,432)
Lapsed	(9,029)	(30,728)
Outstanding at end of the financial year	259,505	256,781

The fair value of awards subject to FCF and ROCE performance targets was calculated using the Black-Scholes option pricing model. The vesting probability of each element has been assessed based on a simulation model of the FCF and ROCE forecasts.

The weighted average share price at the date of vesting for LTIP awards vested during 2020 was 1,915.50 pence (2019: 1,673.00 pence).

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.1 years (2019: 1.4 years).

For the year ended 30 September 2020, Board LTIP awards was made on 27 November 2019 and 18 August 2020 for which the estimated fair value was 1,379.99 pence and 1,099.80 pence respectively. A leadership LTIP award was also made on 18 August 2020 for which the estimated fair value was 1,099.80 pence.

For the year ended 30 September 2019, a Board LTIP award was made on 21 November 2018 for which the estimated fair value was 1,175.99 pence. Leadership LTIP awards were also made on 21 November 2018 and 16 May 2019 for which the estimated fair value was 1,366.01 pence and 1,227.53 pence respectively.

These awards were all made under the terms of the 2010 LTIP. The inputs to the option pricing model are reassessed for each award. The following assumptions were used in calculation the fair value of LTIP awards made during the year:

Assumptions - Long term incentive plans

	2020	2019
Expected volatility	31.10%	17.60%
Risk free interest rate	0.30%	1.10%
Dividend yield	2.30%	2.20%
Expected life	2.4 years	2.6 years
Weighted average share price at date of grant	1309.65p	1754.66p

Notes to the financial statements for the year ended 30 September 2020 (continued)

23. Share based payments (continued)

Other share-based payment plans

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

	2020 Number of shares	2019 Number of shares
Outstanding at start of the financial year	70,910	99,853
Awarded	66,266	46,548
Transfers (to)/from fellow subsidiaries	730	(6,000)
Vested, released and exercised	(8,011)	(29,994)
Lapsed (following net settlement)	-	(7,304)
Lapsed	(814)	(32,193)
Outstanding at end of the financial year	129,081	70,910

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

Share options

Full details of The Compass Group Share Option Plan 2010 (CSOP 2010), the Compass Group Share Option Plan (CSOP 2000), the Compass Group Management Share Option Plan (Management Plan) (collectively the Executive and Management Share Option Plans) and the UK Sharesave Plan are set out in prior years' annual reports which are available on the Company's website.

Restricted shares

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

24. Related party transactions

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

During the year the company had the following transactions on normal trading terms and year end balances with Quadrant Catering Limited. Quadrant's share capital is held between Compass Food Services (49%), a fellow group company and Royal Mail Group Plc (51%).

Chartwells Hounslow (Feeding Futures) Limited share capital is held by Compass Contract Services (UK) Limited (100%).

Transactions

	2020 £000	2019 £000
Recharges to Quadrant Catering Limited	3,499	11,198
Recharges from Chartwells Hounslow (Feeding Futures) Limited	1,654	(1,603)

Notes to the financial statements for the year ended 30 September 2020 (continued)

25. Related party transactions (continued)

Year end balances

	2020 £000	2019 £000
Trade debtors/(creditors) - Quadrant Catering Limited	(1,396)	(6,415)
Trade debtors/(creditors) - Chartwells Hounslow (Feeding Futures) Limited	616	(2,269)

26. 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.