

Company Registration No. 10137059

Compass Group Finance No.3 Limited

Annual Report and Financial Statements

For the year ended 30 September 2020

Compass Group Finance No.3 Limited

Annual report and financial statements 2020

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Compass Group Finance No.3 Limited

Annual report and financial statements 2020

Officers and professional advisers

Directors

B J Boucher
D J Brassington
S Dembeck
A R Yapp

Secretary

Compass Secretaries Limited

Registered Office

Compass House
Guildford Street
Chertsey
Surrey
KT16 9BQ

Auditor

KPMG LLP
15 Canada Square
London,
E14 5GL

Compass Group Finance No.3 Limited

Strategic Report

The directors present their Strategic Report for Compass Group Finance No.3 Limited (the Company). In preparing this Strategic Report, the directors have complied with section 414C of the Companies Act 2006 (CA 2006).

Business review and principal activities

The Company's principal activity is to act as a financing company to various members of Compass Group PLC (the Group) and it is the intention of the directors that the Company will continue to act in this capacity. Compass Group International B.V holds 61.68% of the issued Ordinary share capital and Compass Group Vending Holdings B.V. holds 38.32% of the issued Ordinary share capital. .

The results for the Company show a profit after taxation for the year ended 30 September 2020 of £11,028,000 (2019: £11,821,000) and total assets less current liabilities as at 30 September 2020 of £648,979,000 (2019: £637,951,000).

The Company's directors believe that analysis using key performance indicators is not necessary for an understanding of the position of the Company. The performance of Compass Group PLC is discussed in its Annual Report which does not form part of this Report. Copies of the Compass Group PLC financial statements are available from its registered address: Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ or from the Compass Group PLC website at www.compass-group.com. The directors expect the same general level of activity to continue.

Principal risks and uncertainties

Whilst the Group's operations continue to be disrupted by the COVID-19 pandemic we have successfully implemented action plans to mitigate a significant proportion of our cost base to preserve the profitability and liquidity of the Group. Our priority has also continued to be the health, safety and wellbeing of our employees and customers. Sites that are open are operating with enhanced health and safety protocols. Personal protective equipment requirements are in line with local government and public health guidance and there is a continued focus on mental health awareness.

A post-Brexit deal on trade and other issues was agreed in December 2020 between the UK and the EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not expect any material financial or operational impact resulting from Brexit. We are confident that we can continue supporting and delivering great services for our UK and international clients and consumers.

The Company is financed by intra-group loans and has no third-party debt and hence no external interest rate exposure.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks of the Group are discussed in Compass Group PLC's Annual Report 2020 and as subsequently updated in its 2021 half year results announcement which does not form part of this Report. Both of these documents can be viewed on the Compass Group PLC website www.compass-group.com.

Section 172(1) Statement

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 directors to have regard to, amongst other matters, 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.

Compass Group Finance No.3 Limited

Strategic Report (continued)

Section 172(1) Statement (continued)

As is normal for large companies, the directors delegate authority for day-to-day management of the Company to executives engaged in setting, approving and overseeing execution of the business strategy and related policies of the Compass Group PLC group of companies (the Group). While there are cases where the board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally stakeholder engagement best takes place at an operational or Group level. The directors consider that as well as being a more efficient and effective approach, this also helps achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. How the Group engages with its stakeholders is described on pages 28 and 29 of the Compass Group PLC Annual Report and Accounts 2020 (the ARA).

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

Going Concern

After making enquiries and receiving a letter of support from the ultimate parent company, Compass Group PLC, the directors have a reasonable expectation that the Company, as part of the Compass Group, has adequate resources to continue in existence for the 12 months from the date of this Report. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Approved by the Board of Directors and signed on behalf of the Board



B J Boucher
Director

24 June 2021

Compass Group Finance No.3 Limited
Registered in England and Wales No. 10137059

Compass Group Finance No.3 Limited

Directors' Report

The directors present their Annual Report and the audited financial statements for the financial year ended 30 September 2020.

Dividends

The directors do not recommend the payment of a dividend for the financial year ended 30 September 2020 (2019: nil).

Directors

The directors who served throughout the financial year and up to the date of this Report were as follows:

B J Boucher (appointed 11 December 2020)
D J Brassington (appointed 11 December 2020)
S Dembeck (appointed 11 December 2020)
S J Sergeant (resigned 11 December 2020)
A R Yapp

Directors' qualifying third party indemnity

A qualifying third party indemnity provision as defined in section 234 (2)-(6) of the CA 2006 is and was in full force and effect for the benefit of each of the directors of the Company, both at the date of this Report and throughout the financial year to which this Report relates.

Post balance sheet events

A post-Brexit deal on trade and other issues was agreed in December 2020 between the UK and the EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not expect any material financial or operational impact resulting from Brexit.

Directors' disclosure of information to auditor

Each of the persons who is a director at the date of approval of this Report confirms that:

- the directors have permitted the auditor to undertake whatever inspections it considers to be appropriate for the purpose of enabling the auditor to give its audit opinion
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the CA 2006.

Auditor

In accordance with the provisions of section 485(2) of the CA 2006, the current appointment of KPMG LLP as the Company's auditor will end at the conclusion of the current period for appointing auditors.

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

Approved by the Board of Directors and signed on behalf of the Board



B J Boucher
Director
24 June 2021

Compass Group Finance No.3 Limited

Compass Group Finance No.3 Limited

Registered in England and Wales No. 10137059

Directors' Responsibilities Statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the CA 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.

On behalf of the Board



B J Boucher
Director

24 June 2021

Compass Group Finance No.3 Limited
Registered in England and Wales No. 10137059

Independent Auditor's Report to the Members of Compass Group Finance No.3 Limited

Opinion

We have audited the financial statements of Compass Group Finance No. 3 Limited for the year ended 30 September 2020 which comprise:

- the Profit and loss account;
- Balance sheet;
- Statement of changes in equity; and
- Related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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 the Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover these 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 these reports for the financial period is consistent with the financial statements; and
- in our opinion these reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Compass Group Finance No.3 Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



**John Withington (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

E14 5GL

25 June 2021

Compass Group Finance No.3 Limited

Profit and loss account For the year ended 30 September 2020

	Notes	2020 £'000	2019 £'000
Other interest receivable and similar income	4	<u>13,726</u>	14,594
Profit before taxation		13,726	14,594
Tax charge on profit	5	(2,698)	(2,773)
Profit for the financial year after taxation		<u>11,028</u>	<u>11,821</u>

All amounts in the current and prior year relate to continuing activities.

There are no recognised gains or losses for the current year other than those dealt with in the profit and loss account. Accordingly, no separate statement of other comprehensive income has been presented.

Compass Group Finance No.3 Limited

Balance sheet As at 30 September 2020

	Notes	2020 £'000	2019 £'000
Current assets			
Debtors: amounts falling due after more than one year	6	-	601,095
Debtors: amounts falling due within one year	7	<u>660,470</u>	<u>45,649</u>
		660,470	646,744
Current liabilities			
Creditors: amounts falling due within one year	8	<u>(11,491)</u>	<u>(8,793)</u>
Total assets less current liabilities		648,979	637,951
Capital and reserves			
Called up share capital	9	601,095	601,095
Profit and loss account		47,884	36,856
Shareholders' funds		648,979	637,951

The financial statements of Compass Group Finance No.3 Limited (registered number 10137059) were approved by the Board of Directors on 24 June 2021.

Signed on behalf of the Board of Directors



B J Boucher
Director

Compass Group Finance No.3 Limited

Statement of changes in equity For the year ended 30 September 2020

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 October 2018	601,095	25,035	626,130
Profit for the financial year	-	11,821	11,821
At 30 September 2019	601,095	36,856	637,951
At 1 October 2019	601,095	36,856	637,951
Profit for the financial year	-	11,028	11,028
At 30 September 2020	601,095	47,884	648,979

The notes on pages 11 to 14 form part of these financial statements.

Compass Group Finance No.3 Limited

Notes to the accounts For the year ended 30 September 2020

1. Accounting policies

The Company is a private company and is incorporated and domiciled in the UK. The registered number is 10137059 and the address of its registered office is: Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ.

The significant accounting policies adopted in the preparation of the financial statements of the Company are set out below.

Basis of preparation

These financial statements are 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 IFRS), 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. These financial statements thus present information about the Company as an individual undertaking not as a Group undertaking.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a cashflow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries
- the effect of new but not yet effective IFRS; and
- disclosures in respect of compensation of Key Management Personnel.

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

Going concern

Notwithstanding the current economic uncertainties arising from the COVID-19 outbreak, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason:

- 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.

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.

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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions and derecognised when it ceases to be party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months of the balance sheet date. If not, they are recognised as non-current.

Compass Group Finance No.3 Limited

Notes to the accounts (continued) For the year ended 30 September 2020

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the Company assesses whether there is evidence of impairment at each balance sheet date.

The Company classifies its financial assets and liabilities into the following categories:

- financial assets and liabilities at amortised cost,
- financial assets and liabilities at fair value through profit and loss.

Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value the Company does not apply the fair value option.

Amounts owed by Group undertakings are initially measured at fair value and are subsequently reported at amortised cost. Allowance losses on intercompany receivables are calculated by reviewing 12-month expected credit losses using historic and forward-looking data on credit risk.

Amounts owed to Group undertakings are initially measured at fair value and are subsequently reported at amortised cost.

Non-interest bearing payables are stated at their nominal value as they are due on demand.

Taxation

Current tax is the expected tax payable on the taxable income for the accounting period, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. Auditor's remuneration

Fees of £3,000 (2019: £3,000) were received by the auditor in respect of the Company's statutory audit for the year. These fees were borne and not recharged by another Group company.

No fees were received by the auditor in respect of any non-statutory audit services in either the current or preceding year.

3. Directors' emoluments and employees

The directors did not receive any emoluments in respect of their services to the Company during the year (2019: nil). There were no employees during the year (2019: none).

Compass Group Finance No.3 Limited

Notes to the accounts (continued) For the year ended 30 September 2020

4. Other interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from fellow group undertakings	<u>13,726</u>	<u>14,594</u>

5. Tax charge on profit

	2020 £'000	2019 £'000
UK corporation tax at 19.0% (2019: 19.0%)	<u>2,653</u>	<u>2,773</u>
Current tax charge on ordinary activities	2,653	2,773
Adjustments in respect of prior years:		
UK corporation tax	45	-
Tax charge on ordinary activities	<u>2,698</u>	<u>2,773</u>

Reconciliation of the current tax charge to the tax charge at the UK statutory rate:

	2020 £'000	2018 £'000
Profit on ordinary activities before taxation	<u>13,726</u>	<u>14,594</u>
Tax charge on profit at UK statutory rate of 19.0% (2019: 19.0%)	2,608	2,773
Increase/(decrease) resulting from		
Adjustments in respect of prior years	45	-
Transfer pricing adjustment	45	-
Tax charge at UK statutory rate of 19.0% (2019: 19.0%)	<u>2,698</u>	<u>2,773</u>

Current and deferred tax are provided in accordance with the accounting policy shown in note 1. The Company has no unprovided deferred tax.

6. Debtors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts owed by fellow group undertakings	<u>-</u>	<u>601,095</u>

7. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed by fellow group undertakings	<u>660,470</u>	<u>45,649</u>

Compass Group Finance No.3 Limited

Notes to the accounts (continued) For the year ended 30 September 2020

8. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts payable to fellow group undertakings	10,180	7,254
Corporation tax payable	1,311	1,539
	<hr/> 11,491	<hr/> 8,793

9. Called up share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
601,095,172 Ordinary shares of £1.00 each	<hr/> 601,095	<hr/> 601,095

10. Ultimate parent company

The immediate parents of the Company as at 30 September 2020 were Compass Group International B.V. and Compass Group Vending Holding B.V., companies both incorporated in The Netherlands. Compass Group International B.V. holds 61.68% of the issued Ordinary share capital and Compass Group Vending Holdings B.V. holds 38.32% of the issued Ordinary share capital.

The ultimate parent undertaking is Compass Group PLC, a company incorporated in England and Wales. Compass Group PLC, is the parent undertaking of the largest group of undertakings for which Group accounts are drawn up. Copies of the Compass Group PLC financial statements are available from its registered address: Compass House, Guildford Street, Chertsey, Surrey KT16 9BQ or from the Compass Group PLC website at www.compass-group.com.

11. Post balance sheet events

A post-Brexit deal on trade and other issues was agreed in December 2020 between the UK and the EU. While there is clearly more for the UK and EU to work through, we believe that the deal as agreed, coupled with our own contingency planning, means we do not expect any material financial or operational impact resulting from Brexit.