CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2022

	Notes	2022 £m	2022 £m	2021 £m	2021 £m
Revenue	1		**25,512**		17,908
Operating costs	2		**(24,057)**		(17,394)
Operating profit before joint ventures and associates			**1,455**		514
Share of results of joint ventures and associates	1, 13		**45**		31
Underlying operating profit[1]	1, 33	**1,590**		811	
Acquisition-related costs	33	**(92)**		(106)	
COVID-19 resizing credit/(costs)	2, 33	**4**		(157)	
One-off pension charge	33	**–**		(2)	
Tax on share of profit of joint ventures	33	**(2)**		(1)	
Operating profit	1		**1,500**		545
Net (loss)/gain on sale and closure of businesses	26, 33		**(7)**		10
Finance income	4	**11**		7	
Finance expense	4	**(111)**		(120)	
Other financing items	4, 33	**76**		22	
Finance costs			**(24)**		(91)
Profit before tax	5		**1,469**		464
Income tax expense	5		**(352)**		(107)
Profit for the year			**1,117**		357
ATTRIBUTABLE TO					
Equity shareholders	6		**1,113**		357
Non-controlling interests			**4**		–
Profit for the year			**1,117**		357
BASIC EARNINGS PER SHARE	6		**62.6p**		20.0p
DILUTED EARNINGS PER SHARE	6		**62.6p**		20.0p

1. Operating profit excluding specific adjusting items (see note 33).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2022

	Notes	2022 £m	2021 £m
Profit for the year		**1,117**	357
Other comprehensive income			
Items that will not be reclassified to the income statement			
Remeasurement of post-employment benefit obligations	23	**1,038**	(66)
Return on plan assets, excluding interest income	23	**(668)**	(6)
Change in asset ceiling, excluding interest income	23	**3**	(7)
Change in fair value of financial assets at fair value through other comprehensive income	14	**(133)**	4
Tax charge on items relating to the components of other comprehensive income	5	**(65)**	(5)
		175	(80)
Items that may be reclassified to the income statement			
Currency translation differences[1]		**591**	(154)
Reclassification of cumulative currency translation differences on sale of businesses	26	**7**	(24)
Tax credit on items relating to the components of other comprehensive income	5	**–**	1
		598	(177)
Total other comprehensive income/(loss) for the year		**773**	(257)
Total comprehensive income for the year		**1,890**	100

ATTRIBUTABLE TO

		2022 £m	2021 £m
Equity shareholders		**1,886**	100
Non-controlling interests		**4**	–
Total comprehensive income for the year		**1,890**	100

1. Includes a loss of £190m in relation to the effective portion of net investment hedges (2021: £37m gain).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

		Attributable to equity shareholders							
	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves[1] £m	Retained earnings/ (losses) £m	Non-controlling interests £m	Total equity £m
At 1 October 2021		198	189	295	(2)	3,969	242	28	4,919
Profit for the year		–	–	–	–	–	1,113	4	1,117
Other comprehensive income									
Remeasurement of post-employment benefit obligations	23	–	–	–	–	–	1,038	–	1,038
Return on plan assets, excluding interest income	23	–	–	–	–	–	(668)	–	(668)
Change in asset ceiling, excluding interest income	23	–	–	–	–	–	3	–	3
Change in fair value of financial assets at fair value through other comprehensive income	14	–	–	–	–	–	(133)	–	(133)
Currency translation differences		–	–	–	–	591	–	–	591
Reclassification of cumulative currency translation differences on sale of businesses	26	–	–	–	–	7	–	–	7
Tax charge on items relating to the components of other comprehensive income	5	–	–	–	–	–	(65)	–	(65)
Total other comprehensive income for the year		–	–	–	–	598	175	–	773
Total comprehensive income for the year		–	–	–	–	598	1,288	4	1,890
Fair value of share-based payments	25	–	–	–	–	34	–	–	34
Change in fair value of non-controlling interest put options		–	–	–	–	(2)	–	–	(2)
Changes to non-controlling interests due to acquisitions and disposals		–	–	–	–	(7)	–	8	1
Purchase of non-controlling interests		–	–	–	–	–	(7)	(1)	(8)
Reclassification of non-controlling interest put option reserve on exercise of put options		–	–	–	–	5	–	(5)	–
Release of share awards settled in existing shares purchased in the market		–	–	–	–	(4)	–	–	(4)
Purchase of own shares – share buyback programme[2]		–	–	–	(502)	–	–	–	(502)
Purchase of own shares – employee share-based payments		–	–	–	(6)	–	–	–	(6)
Transfer[3, 4]		–	–	–	(13)	(301)	314	–	–
		198	189	295	(523)	4,292	1,837	34	6,322
Dividends paid to equity shareholders	7	–	–	–	–	–	(418)	–	(418)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(3)	(3)
Cost of shares transferred to employees		–	–	–	4	–	–	–	4
At 30 September 2022		198	189	295	(519)	4,292	1,419	31	5,905

1. Other reserves are analysed in note 24.
2. Including stamp duty and brokers' commission.
3. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.
4. To ensure consistency in the presentation of own shares, the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 has been transferred from retained earnings to the own shares reserve.

Own shares

The own shares reserve comprises 24,151,566 shares in Compass Group PLC purchased under the share buyback programme announced in May 2022 and held in treasury, 1,050,933 shares in Compass Group PLC purchased in previous years and held in treasury, and 221,909 shares in Compass Group PLC held by the Compass Group PLC All Share Schemes Trust (ASST).

In May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, of which £425m was paid in cash during the year. These shares are held in treasury. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2022 and, therefore, a creditor in respect of the value of the shares not yet purchased under the programme has been recognised. The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m.

The ASST is a discretionary trust for the benefit of employees and the shares held are used to satisfy some of the Group's liabilities to employees for long-term incentive plans. At 30 September 2022, the nominal value of the shares in the ASST was £24,521 (2021: £20,468), with a market value of £4.0m (2021: £2.8m).

		Attributable to equity shareholders							
	Notes	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Other reserves[1] £m	Retained (losses)/ earnings £m	Non-controlling interests £m	Total equity £m
At 1 October 2020		198	189	295	(2)	4,145	(35)	23	4,813
Profit for the year		–	–	–	–	–	357	–	357
Other comprehensive income									
Remeasurement of post-employment benefit obligations	23	–	–	–	–	–	(66)	–	(66)
Return on plan assets, excluding interest income	23	–	–	–	–	–	(6)	–	(6)
Change in asset ceiling, excluding interest income	23	–	–	–	–	–	(7)	–	(7)
Change in fair value of financial assets at fair value through other comprehensive income	14	–	–	–	–	–	4	–	4
Currency translation differences		–	–	–	–	(154)	–	–	(154)
Reclassification of cumulative currency translation differences on sale of businesses	26	–	–	–	–	(24)	–	–	(24)
Tax credit/(charge) on items relating to the components of other comprehensive income	5	–	–	–	–	1	(5)	–	(4)
Total other comprehensive loss for the year		–	–	–	–	(177)	(80)	–	(257)
Total comprehensive (loss)/income for the year		–	–	–	–	(177)	277	–	100
Fair value of share-based payments	25	–	–	–	–	20	–	–	20
Change in fair value of non-controlling interest put options		–	–	–	–	(16)	–	–	(16)
Changes to non-controlling interests due to acquisitions and disposals	26	–	–	–	–	–	–	5	5
Release of share awards settled in existing shares purchased in the market		–	–	–	–	(3)	–	–	(3)
Purchase of own shares – employee share-based payments		–	–	–	(3)	–	–	–	(3)
		198	189	295	(5)	3,969	242	28	4,916
Cost of shares transferred to employees		–	–	–	3	–	–	–	3
At 30 September 2021		198	189	295	(2)	3,969	242	28	4,919

1. Other reserves are analysed in note 24.

CONSOLIDATED BALANCE SHEET

At 30 September 2022

	Notes	30 September 2022 £m	2021 £m
NON-CURRENT ASSETS			
Goodwill	8	**5,119**	4,550
Other intangible assets	9	**1,960**	1,617
Costs to obtain and fulfil contracts	10	**1,106**	923
Right-of-use assets	11	**821**	759
Property, plant and equipment	12	**948**	835
Interests in joint ventures and associates	13	**270**	256
Other investments	14	**790**	166
Post-employment benefit assets	23	**581**	353
Trade and other receivables	15	**162**	129
Deferred tax assets	5	**230**	212
Derivative financial instruments	19	**76**	116
Non-current assets		**12,063**	9,916
CURRENT ASSETS			
Inventories	16	**511**	327
Trade and other receivables	15	**3,988**	2,684
Tax recoverable		**106**	82
Cash and cash equivalents	17	**1,983**	1,840
Derivative financial instruments	19	**71**	2
		6,659	4,935
Assets held for sale	26	**26**	17
Current assets		**6,685**	4,952
Total assets		**18,748**	14,868
CURRENT LIABILITIES			
Borrowings	18	**(693)**	(481)
Lease liabilities	11	**(194)**	(180)
Derivative financial instruments	19	**(6)**	(9)
Provisions	22	**(269)**	(298)
Current tax liabilities		**(245)**	(169)
Trade and other payables	21	**(5,626)**	(4,090)
Current liabilities		**(7,033)**	(5,227)
NON-CURRENT LIABILITIES			
Borrowings	18	**(3,271)**	(3,154)
Lease liabilities	11	**(719)**	(665)
Derivative financial instruments	19	**(237)**	(7)
Post-employment benefit obligations	23	**(759)**	(224)
Provisions	22	**(310)**	(283)
Deferred tax liabilities	5	**(160)**	(84)
Trade and other payables	21	**(354)**	(305)
Non-current liabilities		**(5,810)**	(4,722)
Total liabilities		**(12,843)**	(9,949)
Net assets		**5,905**	4,919
EQUITY			
Share capital	24	**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Own shares		**(519)**	(2)
Other reserves	24	**4,292**	3,969
Retained earnings		**1,419**	242
Total equity shareholders' funds		**5,874**	4,891
Non-controlling interests		**31**	28
Total equity		**5,905**	4,919

Approved by the Board of Directors on 21 November 2022 and signed on its behalf by:

DOMINIC BLAKEMORE, Director
PALMER BROWN, Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2022

	Notes	2022 £m	2021[1] £m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	27	**2,024**	1,492
Interest paid		**(96)**	(121)
Tax received		**31**	29
Tax paid		**(363)**	(229)
Net cash flow from operating activities		**1,596**	1,171
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary companies	26	**(263)**	(157)
Purchase of interests in joint ventures and associates	13	**(28)**	(5)
Net proceeds/(payments) from sale of subsidiary companies, joint ventures and associates net of exit costs[2]	26	**35**	(11)
Purchase of intangible assets		**(177)**	(155)
Purchase of contract fulfilment assets	10	**(218)**	(231)
Purchase of property, plant and equipment		**(282)**	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets		**37**	44
Purchase of other investments	14	**(42)**	(20)
Proceeds from sale of other investments		**3**	3
Dividends received from joint ventures and associates	13	**51**	28
Interest received		**10**	5
Net cash flow from investing activities		**(874)**	(727)
CASH FLOW FROM FINANCING ACTIVITIES			
Purchase of own shares – share buyback programme		**(425)**	–
Purchase of own shares – employee share-based payments		**(6)**	(3)
Increase in borrowings		**677**	–
Repayment of borrowings		**(297)**	(7)
Net cash flow from derivative financial instruments		**(67)**	11
Repayment of principal under lease liabilities		**(152)**	(153)
Purchase of non-controlling interests		**(2)**	–
Dividends paid to equity shareholders	7	**(418)**	–
Dividends paid to non-controlling interests		**(3)**	–
Net cash flow from financing activities	28	**(693)**	(152)
CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		**29**	292
Cash and cash equivalents at 1 October		**1,656**	1,387
Currency translation gains/(losses) on cash and cash equivalents		**47**	(25)
Sub-total		**1,732**	1,654
Cash reclassified from held for sale		**–**	2
Cash and cash equivalents at 30 September		**1,732**	1,656
Cash and cash equivalents[3]	17	**1,983**	1,840
Bank overdrafts[3]	18	**(251)**	(184)
Cash and cash equivalents at 30 September		**1,732**	1,656

1. Re-presented to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement. Accordingly, the prior year increase in borrowings has reduced from £11m to £nil and a net cash inflow from derivative financial instruments of £11m has been included.
2. Includes £15m of tax receipts (2021: £43m of tax payments) in respect of prior year business disposals.
3. As per the consolidated balance sheet.

GROUP ACCOUNTING POLICIES

For the year ended 30 September 2022

Introduction

The significant accounting policies adopted in the preparation of the Group's financial statements are set out below:

Basis of preparation

The Group has prepared its consolidated financial statements in accordance with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 51. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Financial Review on pages 14 to 19. The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons stated below.

At 30 September 2022, the Group's financing arrangements included sterling and Euro bonds (£2,783m) and US dollar US Private Placements (USPP) (£927m). In addition, the Group had Revolving Credit Facilities of £2,000m (£140m committed to August 2024 and £1,860m committed to August 2026), which were fully undrawn, and £1,732m of cash, net of overdrafts. At the date of approving these consolidated financial statements, the liquidity position of the Group has remained substantially unchanged.

In September, the Group issued €500m (£439m) and £250m of sustainable bonds maturing in 2030 and 2032, respectively. The new bonds effectively pre-finance debt maturities of €500m (£439m) in January 2023 and $352m (£315m) in October 2023. There are no other debt maturities in the 18 months to 31 March 2024, with the next maturity in July 2024, a €750m (£658m) Eurobond.

The USPP debt is subject to leverage and interest cover covenants which are tested on 31 March and 30 September each year. The Group met both covenants at 30 September 2022. The Group's other financing arrangements do not contain any financial covenants.

For the purposes of the going concern assessment, the directors have prepared monthly cash flow projections for the period to 31 March 2024 (the assessment period) from the most recent three-year strategic plan. We consider 18 months to be a reasonable period for the going concern assessment as it enables us to consider the potential impact of macroeconomic and geopolitical factors over an extended period.

The cash flow projections show that the Group has significant headroom against its committed facilities and meets its financial covenant obligations under the USPP debt agreements without any refinancing.

Climate change and the Group's net zero commitments are not expected to have a material impact during the going concern period. However, the Group is exposed to inflation, supply chain disruption and labour shortages caused by macroeconomic and geopolitical factors, as well as a potential resurgence of COVID-19 and, accordingly, the Group has performed a stress test against the base case to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants.

The leverage covenant would be reached in the event that underlying EBITDA reduced by more than 60% of the strategic plan level. The directors do not consider this scenario to be likely given the Group's ability to continue in operation throughout the COVID-19 pandemic, its recovery in underlying revenue in the year to 105% of 2019 levels on a constant-currency basis and the potential for future revenue and profit growth above historical rates. The stress test assumes no share buybacks or new acquisitions and disposals as mitigating actions. Other mitigating actions available to the Group include reductions in discretionary capital expenditure and ceasing dividend payments.

Consequently, the directors are confident that the Group and parent company will have sufficient funds to continue to meet their liabilities as they fall due for at least the period to 31 March 2024 and, therefore, have prepared the financial statements on a going concern basis.

Changes in accounting policies

There were no new accounting standards or amendments to existing standards effective in the current year that had a significant impact on the Group's consolidated financial statements. There are also a number of changes to accounting standards, effective in future years, which are not expected to significantly impact the Group's consolidated financial statements.

Judgements and estimates

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

Accounting judgements

There are no judgements that management considers to be critical in the preparation of these financial statements.

Consistent with the prior year, there is a significant judgement in respect of the classification of cash payments relating to contract fulfilment assets in the cash flow statement. Contract fulfilment assets originate when payments are made, normally up front at the start of the client contract, that provide enhanced resources to the Group over the contract term. The Group classifies additions to contract fulfilment assets as investing activities in accordance with IAS 7 Statement of Cash Flows as they arise from cash payments in relation to assets that will generate long-term economic benefits. Further details are provided in note 10.

Estimation uncertainty

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

– *Goodwill*
The Group tests at least annually whether goodwill has suffered any impairment in accordance with IAS 36 Impairment of Assets. The recoverable amounts of the Group's cash-generating units (CGU) are determined based on value-in-use calculations which require the use of estimates and assumptions consistent with the most up-to-date budgets and plans that have been formally approved by management. The key assumptions used for the value-in-use calculations and sensitivity analysis are set out in note 8.

– *Post-employment benefits*
The Group's defined benefit pension schemes and similar arrangements are assessed half-yearly in accordance with IAS 19 Employee Benefits. 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, including discount rates, inflation, pension and salary increases, and mortality and other demographic assumptions. The key assumptions used to value the liabilities and sensitivity analysis are set out in note 23.

Other sources of estimation uncertainty
In addition to the major sources of uncertainty, management has identified other sources of estimation uncertainty which are summarised below. Whilst these are not considered to be major sources of uncertainty as defined by IAS 1 Presentation of Financial Statements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties.

– *Taxes*
The Group has operations in around 40 countries that are subject to direct and indirect taxes. The tax position is often not agreed with tax authorities until sometime after the relevant period end and, if subject to a tax audit, may be open for an extended period. In these circumstances, the recognition of tax liabilities and assets requires management estimation to reflect a variety of factors, including the status of any ongoing tax audits, historical experience, interpretations of tax law and the likelihood of settlement.

The changing regulatory environment affecting all multinationals increases the estimation uncertainty associated with calculating the Group's tax position. This is as a result of amendments to tax law at the national level, increased co-operation between tax authorities and greater cross-border transparency.

The Group estimates and recognises additional tax liabilities as appropriate based on management's interpretation of country-specific tax law, external advice and the likelihood of settlement. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the results in the year in which such determination is made.

In addition, calculation and recognition of temporary differences giving rise to deferred tax assets requires estimates and judgements to be made on the extent to which future taxable profits are available against which these temporary differences can be utilised.

Further details of this are provided in note 5 and note 29.

– *Conflict in Ukraine*
During the year, the Group exited the Russian market in response to the conflict in Ukraine, with the disposal of the business completing in March 2022. As noted in the principal risks section of the Strategic Report on page 26, geopolitical tension, including the conflict between Russia and Ukraine, has been recognised as a new principal risk due to the heightened national security threats to countries, particularly in Europe and NATO, and the disruption to the global energy market which has contributed to the elevation of the existing cost inflation, economic and cyber security risks. The potential impact of the conflict in Ukraine on the reported amounts in the financial statements has been considered, in particular the exacerbation of global inflationary pressures on:

- the assessment of the carrying value of goodwill, contract-related non-current assets and trade receivables
- the cash flow forecasts used for the purposes of the going concern and viability assessments

There was no impact on the reported amounts in the financial statements as a result of this review.

GROUP ACCOUNTING POLICIES CONTINUED
For the year ended 30 September 2022

– *Climate change*
Climate change is identified as a principal risk as its impact on the environment may lead to issues around food sourcing and supply chain continuity in some of the Group's markets (see page 24). The potential impact of climate change has been assessed with scenario analysis conducted in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (see pages 46 and 47). In October 2021, the Group announced a commitment to reach climate net zero greenhouse gas (GHG) emissions across its global operations and value chain by 2050 (see page 49).

The potential impact of climate change and the Group's net zero commitments on the reported amounts in the financial statements has been considered as follows:

- the cash flow forecasts used in the impairment assessments of the carrying value of non-current assets, in particular goodwill (see note 8)
- the cash flow forecasts used to determine the recoverability of deferred tax assets (see note 5)
- the valuation of post-employment benefit assets and liabilities (see note 23)
- the going concern (18 months) and viability (three years) assessments during which the potential impact of climate change is not expected to be significant
- the useful economic lives of tangible fixed assets and their exposure to the physical risks posed by climate change which are not expected to be significant due to the low capital intensity of the Group

There was no impact on the reported amounts in the financial statements as a result of this review.

UK market volatility

The 2022 year end has coincided with a period of significant volatility in the UK market following the government's mini-budget announcement on 23 September. In the week after the announcement, sterling weakened against the US dollar, and bond yields and interest rates increased. These movements exacerbated the trends already observed in these variables during the year which have had a significant impact on the Group's financial statements as follows:

- There is a £591m exchange gain (2021: £154m loss) in the translation reserve mainly reflecting the impact of the weakening of sterling against the US dollar from £1:$1.35 at 30 September 2021 to £1:$1.12 at 30 September 2022 on the Group's US dollar-denominated assets. The impact of exchange includes a loss of £190m in relation to the effective portion of net investment hedges (2021: £37m gain) (see page 129).
- There is a £1,038m gain (2021: £66m loss) on the remeasurement of pension liabilities largely driven by higher discount rates based on the yield on high-quality corporate bonds. This gain is partly offset by a £668m reduction (2021: £6m) in the market value of pension assets (see page 129 and note 23).
- As a result of an increase in interest rates, there is a £70m gain in the income statement and corresponding increase in the fair value of derivative financial instruments held to minimise volatility in short-term underlying finance costs under which the Group receives floating and pays fixed interest rates. There is a £317m reduction in the fair value of derivative financial instruments held to swap longer-term fixed-rate debt to floating interest rates which is offset by a £320m reduction in the carrying value of those borrowings through fair value hedge accounting (see notes 4 and 19).

Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint arrangements and associates made up to 30 September each year.

Subsidiaries, joint arrangements and associates

Subsidiaries

Subsidiaries are entities over which the Company has control. Control exists when the Company has power over an entity, exposure to variable returns from its involvement with an entity and the ability to use its power over the entity to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing control.

Joint arrangements

Joint arrangements are entities in which the Group holds an interest on a long-term basis and which are jointly controlled by the Group and other entities under a contractual agreement. The Group accounts for its own share of assets, liabilities, revenues and expenses measured according to the terms of the agreements covering the joint operations. Joint ventures are accounted for using the equity method.

Associates

Associates are undertakings that are not subsidiaries or joint arrangements over which the Group has significant influence and can participate in financial and operating policy decisions. Investments in associated undertakings are accounted for using the equity method. The consolidated income statement includes the Group's share of the profit after tax of the associated undertakings. Investments in associates include goodwill identified on acquisition and are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in value.

Adjustments

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Acquisitions and disposals

The results of subsidiaries, associates or joint arrangements acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Intra-group transactions

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a Group subsidiary transacts with a joint operation of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant joint operation.

Acquisitions

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued.

Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at the fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale which are recognised and measured at fair value less costs to sell.

The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Where not all the equity of a subsidiary is acquired, the non-controlling interest is recognised at the non-controlling interest's proportionate share of the net assets of the subsidiary. Put options over non-controlling interests are recognised as a financial liability measured at fair value which is re-evaluated at each year end with a corresponding entry in other reserves.

Foreign currency

The consolidated financial statements are prepared in sterling, which is the functional and reporting currency of the Company.

In preparing the financial statements of individual companies within the Group, transactions in currencies other than the companies' functional currency are recorded at the rates of exchange on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates on the balance sheet date. Gains and losses arising on retranslation are included in the consolidated income statement for the year, except for where they arise on items taken directly to other comprehensive income, in which case they are also recognised in the consolidated statement of comprehensive income.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward currency contracts (see the Group's accounting policies in respect of derivative financial instruments).

On consolidation, the assets and liabilities of the Group's overseas operations (expressed in their functional currencies, being the currency of the primary economic environment in which each entity operates) are translated at the exchange rates on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

Revenue and contract costs

Revenue represents income derived from contracts for the provision of food and support services by the Group to customers in exchange for consideration in the normal course of business. The Group's revenue is comprised of revenues under its contracts with clients. Clients engage the Group 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.

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 Group 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 Group 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 Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding value added tax and similar sales taxes. For example, the transaction price may be based on a price per meal, which may vary with volume, or could be based on costs incurred plus an agreed management fee.

The Group 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 Group may make a cash payment to a client typically at the start of a contract which is not an investment in service assets and does not generate or enhance the Group'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.

GROUP ACCOUNTING POLICIES CONTINUED
For the year ended 30 September 2022

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 Group determines whether it is satisfied over time or at a point in time.

The Group has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Group 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 Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance completed to date. Where the Group is contracted to sell directly to consumers, for example, in a retail café concession, the performance obligation is satisfied at a point in time, namely when the products are sold to the consumer.

The nature, amount, timing and uncertainty of revenue and cash flows for performance obligations within a contract that are satisfied over time and at a point in time are considered to be similar and they are affected by the same economic factors.

Costs to obtain a contract

Costs incurred during the bidding period, prior to a contract being awarded, are expensed to the income statement. Costs incurred in securing the contract after preferred bidder status has been obtained are generally expensed as incurred, unless they fulfil the conditions for capitalisation as an asset.

The incremental costs to obtain a contract with a customer, such as commissions to the salesforce, are capitalised if it is expected that those costs will be recoverable. Only commissions directly attributable to an individual contract award are capitalised, while commissions payable due to multiple contract wins or due to a portfolio of client contracts are expensed as incurred as they cannot be directly attributable to an identified contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

Costs to fulfil a contract

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

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

Contract fulfilment assets are amortised on a straight-line basis over the shorter of the life of the client contract and the useful economic life of the assets. The amortisation charge is included within operating costs. Costs incurred to obtain a contract are unwound over the life of the client contract as an expense.

Capitalised costs are derecognised either when disposed of or when no further economic benefits are expected to flow from their use or disposal.

Whenever impairment indicators exist, the Group determines the recoverability of the contract fulfilment assets and capitalised costs to obtain a contract by comparing their carrying amount to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

Rebates and other amounts received from suppliers

Rebates and other amounts received from suppliers include agreed discounts from suppliers' list prices, value and volume-related rebates.

Income from value and volume-related rebates is recognised based on actual purchases in the period as a proportion of total purchases made or forecast to be made over the rebate period.

Rebates received in respect of plant and equipment are deducted from the costs capitalised and are recognised in the consolidated income statement in line with depreciation.

Agreed discounts relating to inventories are credited to the income statement within cost of sales as the goods are consumed.

Rebates relating to items purchased, but still held at the balance sheet date, are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Operating profit

Operating profit is stated after the share of profit after tax of joint ventures and associates, and before finance costs.

Specific adjusting items

Specific adjusting items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Further details are provided in note 33.

Tax

Income tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement except where it relates to items taken directly to the consolidated statement of comprehensive income or equity, in which case it is recognised in the consolidated statement of comprehensive income or equity as appropriate.

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted in respect of that period at the balance sheet date. Tax benefits are recognised if it is probable that these will be accepted by the relevant tax authorities.

Subsequently, they are reviewed each year to assess whether provisions against full recognition of the benefits are necessary.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to CGUs for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business and relates to the total business for a country. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the consolidated income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Other intangible assets

Intangible assets acquired separately are capitalised at cost or, if acquired as part of a business combination, at fair value at the date of the acquisition.

Group investment in rights to generate significant consumer revenue under client contracts is recognised at cost as other intangible assets.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. Implementation services are assessed to determine whether they are distinct from the underlying use of the software. Where implementation services are not distinct, the cost is expensed as incurred. Where implementation services are distinct, an intangible asset is recognised if it satisfies the conditions for recognition as an intangible asset in accordance with IAS 38 Intangible Assets, otherwise the cost is expensed as incurred.

Amortisation is charged on a straight-line basis over the expected useful lives of the assets. Intangible assets are reviewed for impairment annually.

The following rates applied for the Group:

- client contract-related intangible assets: the life of the contract
- computer software: 10% to 33% per annum

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

Client contract-related intangible assets arising on acquisition of a business are recognised at fair value and amortised over the life of the contract, including the renewal period where appropriate. Underlying operating profit and underlying earnings per share exclude the amortisation of contract-related intangible assets arising on acquisition of a business as it is not considered to be relevant to the underlying trading performance of the Group.

Other intangible assets are tested for impairment if there are any indicators of impairment.

Property, plant and equipment

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

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

The following rates applied for the Group:

- freehold buildings: 2% per annum
- plant and machinery: 8% to 33% per annum
- fixtures and fittings: 8% to 33% per annum

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

Property, plant and equipment is tested for impairment if there are any indicators of impairment.

GROUP ACCOUNTING POLICIES CONTINUED
For the year ended 30 September 2022

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell. Goodwill is allocated to the held for sale business on a relative fair value basis where this business forms part of a larger CGU. Investments in joint ventures and associates that have been classified as held for sale are no longer accounted for using the equity method.

If the non-current asset or disposal group that ceases to be classified as held for sale is a subsidiary, joint venture or associate, prior year comparatives are restated for the periods since classification as held for sale and accounted for retrospectively.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using either the weighted average price or the first in, first out method as appropriate to the circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Financial instruments

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

Financial assets and liabilities, including derivative financial instruments, denominated in foreign currencies are translated into sterling at period-end exchange rates. Financial assets are classified as either fair value through profit and loss, fair value through other comprehensive income or amortised cost. Classification and subsequent remeasurement depends on the Group's business model for managing the financial asset and its cash flow characteristics. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Investments

Other investments comprising debt and equity instruments are recognised at fair value plus direct transaction costs.

Debt instruments are classified at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. When the debt instrument is derecognised, cumulative amounts in other comprehensive income are reclassified to the income statement.

Equity investments have been irrevocably designated at fair value through other comprehensive income. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income, and are not subsequently reclassified to the Group income statement, including on derecognition. Impairment losses are not recognised separately from other changes in fair value. Dividends are recognised in the Group income statement when the Group's right to receive payment is established.

Other investments that are not equity investments, whose cash flows are not solely principal and interest or are not held in order to collect contractual cash flows, are classified and measured at fair value through profit and loss. Investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Trade receivables

The carrying value of all trade receivables is recorded at amortised cost and reduced by provisions for impairment, which are measured at an amount equal to lifetime expected credit losses. In determining credit risk, the Group 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 Group's historical experience, and forward-looking information.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, money market funds and short-term deposits with an original maturity of three months or less. Cash and overdrafts are presented on a net basis when the Group has a legally enforceable right to set off the balances and it regularly settles the balances on a net basis.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

Trade payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge the risks associated with changes in foreign exchange rates and interest rates. Such derivative financial instruments are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The use of financial derivatives is governed by the Group's policies approved by the Board that provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or net investment hedges where they hedge the exposure to foreign currency arising from a net investment in foreign operations.

On adoption of IFRS 9 Financial Instruments, the Group elected to continue to apply hedge accounting guidance in IAS 39 Financial Instruments: Recognition and Measurement.

Fair value hedges

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the consolidated income statement. Where the adjustment is to an unrecognised firm commitment, an asset or liability is recognised on the balance sheet. When the hedged transaction occurs, that asset or liability is recognised in the initial measurement of the acquisition cost and carrying amount of the asset or liability. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the net profit and loss such that it is fully amortised by maturity.

When fair value hedge accounting is discontinued, any adjustment to the carrying amount of the hedged item for the designated risk for interest bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted.

Net investment hedges

The Group uses foreign currency-denominated debt, forward currency contracts and cross currency swaps to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates. The Group designates these as a hedge of its net investments in foreign operations and recognises the gains or losses on the retranslation of the borrowings in other comprehensive income. If the Group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in other comprehensive income, with any ineffective portion being recognised immediately in the income statement. Exchange differences arising from a monetary item receivable from or payable to a Group foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Gains and losses accumulated in other comprehensive income are recycled through the consolidated income statement on disposal of the foreign operation.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the consolidated income statement in the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The Group 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets with an initial fair value less than approximately £5,000 and short-term leases of 12 months or less. For these leases, the lease payments are charged to the income statement as an operating expense on a straight-line basis over the period of the lease.

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 of property, plant and equipment. The right-of-use asset is tested for impairment if there are any indicators of impairment.

GROUP ACCOUNTING POLICIES CONTINUED
For the year ended 30 September 2022

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

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. 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. Restructuring provisions are recognised if a detailed restructuring plan is in place, a valid expectation that the plan will be implemented has been created in those impacted by it and there is a reliable estimate of the costs involved. Restructuring provisions only include the direct costs of the restructuring and exclude future operating costs. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Employee benefits

Pension obligations

The Group operates two types of pension plans:

– defined contribution plans where the Group makes contributions to a member's pension plan, but has no further payment obligations once the contributions have been paid
– defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules

For defined contribution plans, the Group pays contributions to separately administered pension plans. The Group has no further payment obligations once the contributions have been paid. The contributions payable by the Group in respect of defined contribution plans are charged to the consolidated income statement when they are due. Payments made to state-managed schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution pension scheme.

For defined benefit plans, the calculation of the defined benefit obligation is performed half-yearly by a qualified actuary using the projected unit credit method. The consolidated balance sheet reflects a net asset or net liability for each defined benefit pension plan. The net asset or liability recognised is the present value of the defined benefit obligation discounted using the yields on high-quality corporate bonds, less the fair value of plan assets (at bid price), if any. If the fair value of the plan assets exceeds the defined benefit obligation, a pension surplus is only recognised if the Group considers that it has an unconditional right to a refund.

For the UK defined benefit plan, the Group considers that it has an unconditional right to a refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent. The Group's judgement is that these trustee rights do not prevent the Group from recognising an unconditional right to a refund and therefore a surplus.

Net interest income (if a plan is in surplus) or net interest expense (if a plan is in deficit) is calculated using yields on high-quality corporate bonds and recognised in the consolidated income statement. A current service cost is recognised which represents the expected present value of the defined benefit pension entitlement earned by members in the period.

Remeasurements, which include gains and losses as a result of changes in actuarial assumptions, the effect of the limit on the plan surplus (if any) and returns on plan assets (other than amounts included in net interest) are recognised in the consolidated statement of comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Other post-employment obligations

Some Group companies provide other post-employment benefits. The expected costs of these benefits are accrued over the period of employment using a similar basis to that used for defined benefit pension schemes. Actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

The non-qualified deferred compensation plan in the US (Rabbi Trust) does not meet the definition of a defined contribution scheme under IAS 19 and is, therefore, accounted for as a defined benefit scheme.

Share-based payments

The Group issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management’s best estimate, for the effects of exercise restrictions and behavioural considerations.

Holiday pay

Paid holidays and similar entitlements are regarded as an employee benefit and are charged to the consolidated income statement as the benefits are earned. An accrual is made at the balance sheet date to reflect the fair value of holidays earned but not taken.

Government grants

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 against the related expenses in the consolidated income statement on a systematic basis in the same periods in which the expenses are incurred.

Own shares

The own shares reserve represents shares in Compass Group PLC held either in treasury, including transaction costs, or by employee share trusts to satisfy liabilities to employees for long-term incentive plans. Own shares are treated as a deduction to equity until the shares are cancelled, reissued or sold, at which point they are transferred to retained earnings. The nominal value of shares in the Company purchased and subsequently cancelled is shown as a reduction in share capital and an equal and opposite transfer to the capital redemption reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2022

1 SEGMENTAL ANALYSIS

The management of the Group's operations, excluding Central activities, is organised within three segments: North America, Europe and Rest of World.

REVENUE[1,2]	Geographical segments North America £m	Europe £m	Rest of World £m	Total £m
YEAR ENDED 30 SEPTEMBER 2022				
Business & Industry	**4,805**	**2,660**	**936**	**8,401**
Education	**3,782**	**874**	**173**	**4,829**
Healthcare & Senior Living	**5,437**	**1,001**	**404**	**6,842**
Sports & Leisure	**2,854**	**738**	**89**	**3,681**
Defence, Offshore & Remote	**261**	**662**	**1,095**	**2,018**
Underlying revenue[3, 4]	**17,139**	**5,935**	**2,697**	**25,771**
Less: Share of revenue of joint ventures	**(18)**	**(241)**	**–**	**(259)**
Revenue	**17,121**	**5,694**	**2,697**	**25,512**
YEAR ENDED 30 SEPTEMBER 2021				
Business & Industry	2,759	2,100	746	5,605
Education	2,449	680	137	3,266
Healthcare & Senior Living	4,582	930	389	5,901
Sports & Leisure	1,169	330	46	1,545
Defence, Offshore & Remote	211	601	1,007	1,819
Underlying revenue[3, 4]	11,170	4,641	2,325	18,136
Less: Share of revenue of joint ventures	(21)	(207)	–	(228)
Revenue	11,149	4,434	2,325	17,908

1. There is no inter-segment trading.
2. An analysis of revenue recognised over time and at a point in time is not provided on the basis that the nature, amount, timing and uncertainty of revenue and cash flows is considered to be similar.
3. Revenue plus share of revenue of joint ventures.
4. Underlying revenue arising in the UK, the Group's country of domicile, was £1,975m (2021: £1,446m). Underlying revenue arising in the US region was £16,274m (2021: £10,582m). Underlying revenue arising in all countries outside the UK from which the Group derives revenue was £23,796m (2021: £16,690m).

PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2022					
Underlying operating profit/(loss) before results of joint ventures and associates	**1,226**	**262**	**141**	**(86)**	**1,543**
Add: Share of profit before tax of joint ventures	**1**	**28**	**–**	**–**	**29**
Add: Share of results of associates	**9**	**9**	**–**	**–**	**18**
Underlying operating profit/(loss)[1]	**1,236**	**299**	**141**	**(86)**	**1,590**
Less: Acquisition-related costs[2]	**(57)**	**(30)**	**(4)**	**(1)**	**(92)**
Add: COVID-19 resizing credit[2]	**4**	**–**	**–**	**–**	**4**
Less: Tax on share of profit of joint ventures[2]	**–**	**(2)**	**–**	**–**	**(2)**
Operating profit/(loss)	**1,183**	**267**	**137**	**(87)**	**1,500**
Net loss on sale and closure of businesses[2]					**(7)**
Finance costs					**(24)**
Profit before tax					**1,469**
Income tax expense					**(352)**
Profit for the year					**1,117**

1. Operating profit excluding specific adjusting items (see note 33).
2. Specific adjusting item (see note 33).

1 SEGMENTAL ANALYSIS CONTINUED

PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2021					
Underlying operating profit/(loss) before results of joint ventures and associates	605	117	130	(73)	779
Add: Share of profit before tax of joint ventures	3	30	–	–	33
Add: Share of results of associates	(1)	–	–	–	(1)
Underlying operating profit/(loss)[1]	607	147	130	(73)	811
Less: Acquisition-related costs[2]	(47)	(57)	(2)	–	(106)
Less: COVID-19 resizing costs[2]	–	(149)	(8)	–	(157)
Less: One-off pension charge[2]	–	(2)	–	–	(2)
Less: Tax on share of profit of joint ventures[2]	–	(1)	–	–	(1)
Operating profit/(loss)	560	(62)	120	(73)	545
Net gain on sale and closure of businesses[2]					10
Finance costs					(91)
Profit before tax					464
Income tax expense					(107)
Profit for the year					357

1. Operating profit excluding specific adjusting items (see note 33).
2. Specific adjusting item (see note 33).

	Geographical segments North America £m	Europe £m	Rest of World £m	Unallocated Central activities £m	Current and deferred tax £m	Net debt £m	Total £m
AT 30 SEPTEMBER 2022							
Total assets	**9,872**	**4,500**	**1,196**	**714**	**336**	**2,130**	**18,748**
Total liabilities	**(4,768)**	**(1,512)**	**(770)**	**(268)**	**(405)**	**(5,120)**	**(12,843)**
Net assets/(liabilities)	**5,104**	**2,988**	**426**	**446**	**(69)**	**(2,990)**	**5,905**
Total assets include:							
Interests in joint ventures and associates	**84**	**182**	**4**	**–**	**–**	**–**	**270**
Non-current assets[1]	**7,187**	**3,340**	**527**	**703**	**230**	**76**	**12,063**
AT 30 SEPTEMBER 2021							
Total assets	6,885	4,285	979	467	294	1,958	14,868
Total liabilities	(2,913)	(1,444)	(589)	(254)	(253)	(4,496)	(9,949)
Net assets/(liabilities)	3,972	2,841	390	213	41	(2,538)	4,919
Total assets include:							
Interests in joint ventures and associates	44	180	32	–	–	–	256
Non-current assets[1]	5,258	3,362	510	458	212	116	9,916

1. Non-current assets located in the UK, the Group's country of domicile, were £1,927m (2021: £1,923m). Non-current assets located in the US region were £6,749m (2021: £4,872m). Non-current assets located in all foreign countries in which the Group holds assets were £10,136m (2021: £7,993m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

1 SEGMENTAL ANALYSIS CONTINUED

		Geographical segments				
	Notes	North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2022						
Additions to other intangible assets	9	**117**	**26**	**7**	**27**	**177**
Additions to contract fulfilment assets	10	**211**	**3**	**4**	–	**218**
Additions to right-of-use assets	11	**63**	**43**	**15**	**1**	**122**
Additions to property, plant and equipment	12	**166**	**84**	**34**	–	**284**
Amortisation of other intangible assets[1]	9	**124**	**51**	**11**	**5**	**191**
Amortisation of contract fulfilment assets	10	**208**	**3**	**3**	–	**214**
Depreciation of right-of-use assets	11	**70**	**74**	**11**	**1**	**156**
Depreciation of property, plant and equipment	12	**148**	**74**	**37**	**1**	**260**
Impairment losses	2	**5**	**10**	–	–	**15**
Impairment reversals	2	–	**(2)**	–	**(2)**	**(4)**
Other non-cash expenses[2]	25	**14**	**7**	**4**	**9**	**34**
Assets held for sale	26	–	–	**26**	–	**26**
YEAR ENDED 30 SEPTEMBER 2021						
Additions to other intangible assets	9	90	27	4	33	154
Additions to contract fulfilment assets	10	226	3	2	–	231
Additions to right-of-use assets	11	48	48	12	–	108
Additions to property, plant and equipment	12	129	70	26	–	225
Amortisation of other intangible assets[1]	9	100	45	11	3	159
Amortisation of contract fulfilment assets	10	192	4	4	–	200
Depreciation of right-of-use assets	11	65	77	13	1	156
Depreciation of property, plant and equipment	12	129	80	39	2	250
Impairment losses	2	25	12	2	–	39
Impairment reversals	2	–	(4)	–	–	(4)
Other non-cash expenses[2]	25	9	4	2	5	20
Assets held for sale	26	–	–	17	–	17

1. Including the amortisation of intangibles arising on acquisition.
2. Other non-cash expenses represent share-based payments.

2 OPERATING COSTS

OPERATING COSTS	Notes	2022 £m	2021 £m
Cost of food and materials:			
Cost of inventories consumed		**6,931**	4,490
Labour costs:			
Employee remuneration	3	**12,163**	9,328
Overheads:			
Commissions and fees paid to clients		**1,054**	359
Amortisation – other intangible assets	9	**100**	79
Amortisation – contract fulfilment assets	10	**214**	200
Depreciation – right-of-use assets	11	**156**	156
Depreciation – property, plant and equipment	12	**260**	250
Impairment losses – other intangible assets[1]	9	**3**	8
Impairment losses – contract fulfilment assets[1]	10	**3**	11
Impairment losses – right-of-use assets[1]	11	**4**	5
Impairment losses – property, plant and equipment[1]	12	**5**	10
Impairment reversals – right-of-use assets	11	**(3)**	–
Impairment reversals – property, plant and equipment	12	**(1)**	(4)
COVID-19 resizing (credit)/costs[2]		**(4)**	157
Net impairment losses/(gains) on trade receivables	15	**23**	(28)
Net impairment losses on other receivables	15	**6**	7
Expense relating to short-term leases, low-value assets and variable lease payments	11	**122**	87
Audit and non-audit services (see below)		**7**	7
Other expenses		**2,922**	2,166
Operating costs before acquisition-related costs[2]		**23,965**	17,288
Amortisation – intangible assets arising on acquisition	9	**91**	80
Impairment losses – intangible assets arising on acquisition	9	**–**	5
Acquisition transaction costs	26	**10**	10
Adjustment to contingent consideration on acquisition		**(9)**	11
Total		**24,057**	17,394

1. 2021 impairment losses on contract-related non-current assets (£32m) and other assets (£2m) re-presented by asset category.
2. Specific adjusting item (see note 33).

COVID-19 resizing costs

When the pandemic began in March 2020, the Group adjusted its business model to the new trading environment, and incurred £122m of resizing costs in the year ended 30 September 2020 and a further charge for costs of £157m was recognised in the year ended 30 September 2021. These costs were excluded from the Group's underlying results (see note 33). No COVID-19 resizing costs were recognised during the year ended 30 September 2022, although there was a £4m reversal of unutilised provisions (2021: £nil). A total of £57m (2021: £186m) has been paid during the year in relation to programmes aimed at resizing the business.

Government grants and other COVID-19 assistance

During the year ended 30 September 2022, the Group continued to utilise government support to mitigate the impact of the COVID-19 pandemic where appropriate and recognised £51m (2021: £254m) in respect of temporary wage and other support schemes.

Audit and non-audit services

AUDIT AND NON-AUDIT SERVICES	2022 £m	2021 £m
AUDIT SERVICES		
Fees payable for the audit of the Company and consolidated financial statements	**1.8**	1.4
Fees payable for the audit of the Company's subsidiaries and joint ventures	**5.0**	4.9
Total	**6.8**	6.3
NON-AUDIT SERVICES		
Audit-related assurance	**0.3**	0.3
Total	**0.3**	0.3
AUDIT AND NON-AUDIT SERVICES		
Total	**7.1**	6.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

3 EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES, INCLUDING DIRECTORS AND PART-TIME EMPLOYEES	2022	2021
North America	**248,937**	229,740
Europe	**158,503**	150,331
Rest of World	**106,267**	97,999
Total	**513,707**	478,070

AGGREGATE REMUNERATION OF ALL EMPLOYEES, INCLUDING DIRECTORS	Notes	2022 £m	2021 £m
Wages and salaries		**10,285**	7,769
Social security costs		**1,645**	1,391
Share-based payments	25	**34**	20
Pension costs – defined contribution plans	23	**175**	124
Pension costs – defined benefit plans	23	**24**	24
Total		**12,163**	9,328

In addition to the pension costs shown in operating costs above, there is an interest charge on net post-employment benefit obligations of £12m (2021: £2m income).

The remuneration of directors and key management personnel[1] is set out below. Additional information on directors' and key management remuneration, long-term incentive plans, pension contributions and entitlements can be found in the audited section of the Directors' Remuneration Report on pages 86 to 113 and forms part of these accounts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL[1]	2022 £m	2021 £m
Salaries	**7.7**	7.4
Other short-term employee remuneration	**10.2**	8.5
Share-based payments	**6.1**	3.8
Pension salary supplement	**0.6**	1.2
Termination payments[2]	–	0.2
Total	**24.6**	21.1

1. Key management personnel is defined as the Board and the individuals who made up the Executive Committee from time to time during the year, more details of which can be found on pages 54 to 60.
2. Termination payments include compensation for loss of office and statutory redundancy and exclude contractual pay in lieu of notice.

4 FINANCE COSTS

FINANCE COSTS	Notes	2022 £m	2021 £m
Interest on cash and cash equivalents		**9**	4
Interest on net post-employment benefit assets	23	**–**	2
Other		**2**	1
Finance income		**11**	7
Interest on bank loans and overdrafts		**(3)**	(4)
Interest on other borrowings[1]		**(68)**	(78)
Interest on lease liabilities	11	**(35)**	(35)
Unwinding of discount on provisions	22	**(5)**	(3)
Finance expense		**(111)**	(120)
Net gains on derivative financial instruments in a fair value hedge		**3**	11
Net gains on derivative financial instruments at fair value through profit or loss		**70**	11
Change in fair value of investments at fair value through profit or loss	14	**(5)**	1
Dividends received from Rabbi Trust investments[2]	14	**20**	–
Interest on net post-employment benefit obligations[2]	23	**(12)**	–
Other		**–**	(1)
Other financing items[3]		**76**	22
Total		**(24)**	(91)

1. Includes interest income on derivative financial instruments in a fair value hedge of £19m (2021: £34m) and interest income on derivative financial instruments at fair value through profit or loss of £2m (2021: £7m expense).
2. See page 181.
3. Specific adjusting item (see note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

5 TAX

INCOME TAX EXPENSE	2022 £m	2021 £m
CURRENT TAX		
Current year	**322**	226
Adjustment in respect of prior years	**28**	(7)
Current tax expense	**350**	219
DEFERRED TAX		
Current year	**39**	(84)
Impact of changes in statutory tax rates	**2**	(16)
Adjustment in respect of prior years	**(39)**	(12)
Deferred tax charge/(credit)	**2**	(112)
TOTAL		
Income tax expense	**352**	107

The income tax expense for the year is based on the effective UK statutory rate of corporation tax for the period of 19% (2021: 19%). Overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The income tax effects of the adjustments between statutory and underlying results are shown in note 33 to the consolidated financial statements. There is no difference between the statutory and underlying net cash tax paid of £332m (2021: statutory and underlying £200m).

RECONCILIATION OF EFFECTIVE TAX RATE	2022 £m	2021 £m
Profit before tax	**1,469**	464
Notional income tax expense at the effective UK statutory rate of 19% (2021: 19%) on profit before tax	**279**	88
Effect of different tax rates of subsidiaries operating in other jurisdictions	**69**	43
Impact of changes in statutory tax rates	**2**	(16)
Permanent differences	**11**	12
Impact of share-based payments	**–**	(2)
Tax on profit of joint ventures and associates	**(1)**	(1)
Unrelieved current year tax losses	**3**	2
Prior year items	**(11)**	(19)
Income tax expense	**352**	107

Permanent differences includes the current year movement in our estimated liability for uncertain tax positions, the benefit of tax credits and incentives and internal financing that is in place to ensure the Group's overseas businesses are appropriately capitalised. Prior year items relate to the reassessment of prior year tax estimates and the resolution of open items.

Tax uncertainties and associated risks are increasing for all multinational groups as a consequence of changes to local and international tax rules. Tax risk can arise from unclear regulations and differences in interpretation but, most significantly, where tax authorities apply diverging standards in assessing intra-group cross-border transactions. The Group has recognised provisions in respect of uncertain tax positions, none of which is individually material. In determining such liabilities, having regard to the specific circumstances of each tax position and external advice where appropriate, the Group assesses the range of potential outcomes and estimates whether additional tax may be due.

The Group is currently subject to a number of reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues.

The Canadian Revenue Agency is continuing its enquiry into an intra-group financing arrangement implemented in July 2015. Compass Group Canada Limited and Canteen of Canada Limited have received assessments to additional federal and provincial taxes totalling £79m (£60m of tax and £19m of interest) and further assessments may be issued. We have considered a range of possible outcomes in assessing the liability and the provision is unchanged from the previous year.

In March 2022, the UK tax authority indicated that it may seek to challenge aspects of an intra-group refinancing undertaken in 2013. The challenge relates to the deductibility of interest for UK corporation tax purposes for the period from June 2013 to December 2016 on certain loans which formed part of that refinancing. We have had further discussions with the tax authority and, although they have not determined whether or how to challenge the arrangement, we consider that it is now appropriate to record a provision based on a range of possible outcomes. Our maximum potential liability is £62m of tax and £12m of interest.

The Group does not currently anticipate any material changes to the amounts recorded at 30 September 2022 (see also note 29).

5 TAX CONTINUED

The global nature of the Group's operations gives rise to various factors which could affect the future tax rate. These include the mix of profits, changes to overseas statutory tax rates or tax legislation and the foreign exchange rates applicable when those profits are translated into sterling. The UK government has enacted an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. In addition, the future tax charge may be affected by the impact of acquisitions, disposals or other restructurings and the resolution of open issues with tax authorities.

The OECD Pillar Two framework and subsequent UK draft legislation to introduce a global minimum tax rate for large multinationals will, as currently proposed, apply to the Group for the year ending 30 September 2025. The impact is not expected to be material and the Group is continuing to monitor developments.

TAX CHARGED TO OTHER COMPREHENSIVE INCOME	**2022 £m**	2021 £m
Current and deferred tax charge on actuarial and other movements on post-employment benefits	**65**	5
Current and deferred tax credit on foreign exchange movements	**–**	(1)
Total	**65**	4

MOVEMENT IN NET DEFERRED TAX ASSET/(LIABILITY)	Tax depreciation £m	Intangibles and contract fulfilment assets £m	Net pensions and post-employment benefits £m	Tax losses £m	Net self-funded insurance provisions £m	Net short-term temporary differences £m	Total £m
At 1 October 2020	(75)	(396)	94	61	76	266	26
Credit/(charge) to income	48	(1)	14	32	(1)	20	112
(Charge)/credit to other comprehensive income	–	–	(5)	–	–	1	(4)
Sale and closure of businesses	–	–	–	–	–	(1)	(1)
Exchange adjustment	6	15	(7)	(3)	(3)	(13)	(5)
At 30 September 2021	(21)	(382)	96	90	72	273	128
Credit/(charge) to income	**(15)**	**4**	**6**	**2**	**6**	**(5)**	**(2)**
Charge to other comprehensive income	**–**	**–**	**(63)**	**–**	**–**	**–**	**(63)**
Business acquisitions	**–**	**(6)**	**–**	**–**	**–**	**–**	**(6)**
Sale and closure of businesses	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Reclassification	**–**	**(2)**	**–**	**–**	**–**	**2**	**–**
Exchange adjustment	**(20)**	**(59)**	**31**	**3**	**16**	**43**	**14**
At 30 September 2022	**(56)**	**(445)**	**70**	**95**	**94**	**312**	**70**

Net short-term temporary differences relate principally to provisions and other liabilities of overseas subsidiaries. After netting off balances within countries, the following are the deferred tax assets and liabilities recognised in the consolidated balance sheet:

NET DEFERRED TAX BALANCE	**2022 £m**	2021 £m
Deferred tax assets	**230**	212
Deferred tax liabilities	**(160)**	(84)
Net deferred tax asset	**70**	128

Deferred tax assets of £230m (2021: £212m) include £95m (2021: £90m) relating to the carry forward of unused tax losses. These arose predominantly in subsidiaries that incurred losses during the COVID-19 period, including charges incurred for restructuring costs. The directors consider it probable that sufficient taxable profit will be available against which the unused tax losses can be utilised. Management expects these deferred tax assets to be utilised over a period of between one and five years. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, management derived their forecasts from the most recent three-year strategic plan approved by management used for the purposes of reviewing goodwill for impairment (see note 8), updated for the effect of applicable tax laws and regulations relevant to those future taxable profits. No reasonably possible change in any of the key assumptions would result in a significant reduction in projected taxable profits such that the recognised deferred tax asset would not be realised.

Deferred tax assets have not been recognised in respect of tax losses of £323m (2021: £267m) and other temporary differences of £21m (2021: £21m). Of the unrecognised tax losses, £269m (2021: £236m) will expire at various dates between 2023 and 2031. These deferred tax assets have not been recognised as the timing of recovery is uncertain.

The Group does not recognise any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries totalling £636m (2021: £567m) because it is able to control the timing of reversal of these differences. It is probable that no reversal will take place in the foreseeable future.

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6 EARNINGS PER SHARE

The calculation of earnings per share is based on profit for the year attributable to equity shareholders and the weighted average number of shares in issue during the year.

PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS	2022 £m	2021 £m
Profit for the year attributable to equity shareholders	**1,113**	357

AVERAGE NUMBER OF SHARES	2022 Ordinary shares of $11^{1}/_{20}$p each millions	2021 Ordinary shares of $11^{1}/_{20}$p each millions
Average number of shares for basic earnings per share	**1,779**	1,784
Dilutive share options	–	1
Average number of shares for diluted earnings per share	**1,779**	1,785

EARNINGS PER SHARE	2022 pence	2021 pence
Basic	**62.6p**	20.0p
Diluted	**62.6p**	20.0p

Underlying earnings per share for the year ended 30 September 2022 was 63.0p (2021: 29.5p). Underlying earnings per share is calculated based on earnings excluding the effect of acquisition-related costs, COVID-19 resizing costs, one-off pension charge, gains and losses on sale and closure of businesses and other financing items, together with the tax attributable to these amounts (see note 33).

7 DIVIDENDS

A final dividend in respect of 2022 of 22.1p per share, £389m in aggregate[1], has been proposed, giving a total dividend in respect of 2022 of 31.5p per share (2021: 14.0p per share). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting to be held on 9 February 2023 and has not been included as a liability in these financial statements.

	2022		2021	
DIVIDENDS ON ORDINARY SHARES	Dividends per share pence	£m	Dividends per share pence	£m
Amounts recognised as distributions to equity shareholders during the year:				
Final 2021	14.0	250	–	–
Interim 2022	9.4	168	–	–
Total	**23.4**	**418**	–	–

1. Based on the number of ordinary shares, excluding treasury shares, in issue at 30 September 2022 (1,760m shares).

8 GOODWILL

GOODWILL	2022 £m	2021 £m
COST		
At 1 October	**5,058**	5,189
Business acquisitions	**122**	17
Sale and closure of businesses	**(5)**	(1)
Currency adjustment	**489**	(147)
At 30 September	**5,664**	5,058
IMPAIRMENT		
At 1 October	**508**	520
Currency adjustment	**37**	(12)
At 30 September	**545**	508
NET CARRYING AMOUNT		
At 30 September	**5,119**	4,550

GOODWILL BY BUSINESS SEGMENT	2022 £m	2021 £m
US	**2,498**	1,996
Canada	**219**	193
North America	**2,717**	2,189
UK[1]	**1,481**	1,456
Finland	**125**	123
Other	**506**	510
Europe	**2,112**	2,089
Japan	**107**	115
Other	**183**	157
Rest of World	**290**	272
Total	**5,119**	4,550

1. Includes £1.3bn which arose in 2000 on the Granada transaction.

Approach to impairment testing

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Consistent with the monitoring and management of the business, the cash-generating units (CGU) relate to the total business for each country in which the Group operates. The recoverable amount of a CGU is determined from value-in-use calculations.

Key assumptions

The key assumptions for the value-in-use calculations are operating cash flow forecasts from the most recent three-year strategic plan approved by management, externally-derived long-term growth rates and pre-tax discount rates.

The strategic plan is 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 macroeconomic and geopolitical factors, including the impact of inflation and climate change.

Cash flows beyond the three-year period covered by the plan are extrapolated using estimated growth rates based on local expected economic conditions and do not exceed the long-term average growth rate for that country.

The pre-tax discount rates are based on the Group's Weighted Average Cost of Capital (WACC) adjusted for specific risks relating to the country in which the CGU operates. This year, consistent with IAS 36 Impairment of Assets, the company-specific beta and gearing ratio assumptions used in the calculation of the Group's WACC have been replaced with market participant measures based on the averages of a number of companies with similar assets. The comparative discount rates would have been lower had this change been made in the prior year. The change in the calculation of the discount rates has not resulted in a change in the conclusion that the Group's goodwill balances are not impaired and is not, therefore, considered to be a change in an accounting estimate as defined by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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8 GOODWILL CONTINUED

GROWTH AND DISCOUNT RATES	2022 Long-term growth rates	2022 Pre-tax discount rates	2021 Long-term growth rates	2021 Pre-tax discount rates
US	**2.2%**	**9.2%**	2.0%	10.3%
Canada	**2.0%**	**9.6%**	2.0%	11.1%
UK	**2.3%**	**9.5%**	1.7%	10.2%
Finland	**1.4%**	**8.3%**	1.6%	9.5%
Rest of Europe[1]	**0.8% – 14.4%**	**8.2% – 27.5%**	0.9% – 9.4%	9.3% – 24.1%
Japan	**0.9%**	**8.2%**	1.0%	10.9%
Rest of World	**1.3% – 4.4%**	**7.9% – 16.1%**	1.3% – 4.5%	9.1% – 17.0%

1. Rest of Europe includes Turkey which has residual growth rate and pre-tax discount rate assumptions of 14.4% (2021: 9.4%) and 27.5% (2021: 24.1%), respectively. Excluding Turkey, the residual growth rate and pre-tax discount rate assumptions for Rest of Europe range from 0.8% to 2.7% (2021: 0.9% to 4.0%) and 8.2% to 11.7% (2021: 9.3% to 14.0%), respectively.

Results

No impairments were identified as a result of the goodwill impairment testing. Consistent with prior years, the goodwill impairment testing was performed as at 31 July. Subsequent to this date, management has considered whether there have been any indicators that the goodwill may be impaired. The potential impact of the recent market volatility in the UK and increases in discount rates and inflation have been considered. There was no impact on the reported amounts of goodwill as a result of this review.

Sensitivity analysis

The Group has performed a sensitivity analysis based on changes in key assumptions considered to be reasonably possible by management, including assumptions relating to the potential impact of climate change considering the results of the scenario analysis performed consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see pages 46 and 47). There was no impact on the reported amounts of goodwill as a result of this review.

The UK CGU is sensitive to reasonably possible changes in key assumptions. Most of the UK goodwill arose in 2000 on the Granada transaction. The estimated recoverable amount of the Group's operations in the UK exceeds its carrying value by £535m (2021: £102m). The associated impact of changes in key assumptions on the impairment assessment is presented in the table below. The sensitivity analysis presented is prepared on the basis that a change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

DECREASE IN RECOVERABLE AMOUNT	UK 2022 £m	UK 2021 £m
Increase in pre-tax discount rate by 0.1%	**(32)**	(24)
Decrease in projected operating profit by 3%	**(70)**	(59)
Decrease in the long-term growth rate by 0.1%	**(29)**	(18)

In order for the recoverable amount to be equal to the carrying value, the pre-tax discount rate would have to be increased by 2.1% (2021: 0.5%), projected operating profit decreased by 23% (2021: 5%) or the long-term growth rate decreased to a decline of 0.1% (2021: growth of 1.1%). The directors consider that changes in key assumptions of this magnitude are reasonably possible in the current environment.

Other than as disclosed above, 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.

9 OTHER INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS	Computer software £m	Arising on acquisition[1] £m	Other[2] £m	Total £m
COST				
At 1 October 2020	451	1,494	629	2,574
Additions	82	–	72	154
Disposals	(39)	(8)	(35)	(82)
Business acquisitions	–	15	–	15
Reclassification	5	2	28	35
Currency adjustment	(12)	(56)	(28)	(96)
At 30 September 2021	487	1,447	666	2,600
Additions	**140**	–	**37**	**177**
Disposals	**(15)**	**(6)**	**(11)**	**(32)**
Business acquisitions	–	**140**	–	**140**
Sale and closure of businesses	–	**(1)**	–	**(1)**
Reclassification	**6**	–	–	**6**
Currency adjustment	**52**	**205**	**115**	**372**
At 30 September 2022	**670**	**1,785**	**807**	**3,262**
AMORTISATION				
At 1 October 2020	276	338	282	896
Charge for the year	36	80	43	159
Impairment	–	5	8	13
Disposals	(20)	(8)	(33)	(61)
Reclassification	3	1	5	9
Currency adjustment	(8)	(12)	(13)	(33)
At 30 September 2021	287	404	292	983
Charge for the year	**41**	**91**	**59**	**191**
Impairment	**2**	–	**1**	**3**
Disposals	**(12)**	**(6)**	**(9)**	**(27)**
Reclassification	**5**	–	**2**	**7**
Currency adjustment	**30**	**62**	**53**	**145**
At 30 September 2022	**353**	**551**	**398**	**1,302**
NET BOOK VALUE				
At 30 September 2021	200	1,043	374	1,617
At 30 September 2022	**317**	**1,234**	**409**	**1,960**

1. Intangible assets arising on acquisition mainly relate to client contracts and brands.
2. Other intangible assets mainly relate to payments made to clients to obtain the right to generate significant consumer revenue.

The net book value of intangible assets arising on acquisition includes £232m (2021: £254m) in respect of the acquisition of Fazer Food Services in January 2020 relating to client contracts and brands with remaining useful lives of between 9 and 27 years. There are no other individually significant items in other intangible assets.

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10 CONTRACT BALANCES

The following table provides information about contract costs, assets and liabilities from contracts with customers and other contract-related balances.

CONTRACT BALANCES	Notes	2022 £m	2021 £m
CONTRACT COSTS			
Contract fulfilment assets		**1,024**	866
Costs to obtain contracts		**82**	57
Costs to obtain and fulfil contracts		**1,106**	923
CONTRACT ASSETS			
Accrued income	15	**362**	261
CONTRACT LIABILITIES			
Deferred income	21	**(475)**	(370)
OTHER CONTRACT BALANCES			
Contract prepayments	15	**141**	97
Trade receivables	15	**2,939**	1,937
Net contract balances		**4,073**	2,848

The Group's accrued and deferred income balances solely relate to revenue from contracts with customers. The timing of revenue recognition may differ from the timing of invoicing to customers. Accrued income typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied and is recognised as a contract asset. Deferred income generally arises as a result of upfront payments under client contracts, including prepaid customer cards, and is recognised as contract liabilities, which are released over the term of the contract as revenue is recognised. Generally, such contract liabilities are recognised as revenue within 12 months. Movements during the year were driven by transactions entered into by the Group within the normal course of business.

Contract fulfilment assets relate to contributions towards assets that the Group uses in the performance of its obligations in its contracts with clients.

CONTRACT FULFILMENT ASSETS	2022 £m	2021 £m
At 1 October	**866**	919
Additions	**218**	231
Derecognition	**(13)**	(18)
Amortisation charge for the year	**(214)**	(200)
Impairment	**(3)**	(11)
Reclassification	**(1)**	(19)
Currency adjustment	**171**	(36)
At 30 September	**1,024**	866

Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise from cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities is £218m (2021: £231m).

Impairment

Contract fulfilment assets and capitalised costs to obtain contracts are reviewed annually to identify indicators of impairment. When such indicators exist, the Group determines the recoverability by comparing their carrying amount with the remaining consideration that the Group expects to receive less the costs associated with 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. Impairment losses of £3m were recognised on contract fulfilment assets during the year (2021: £11m).

11 LEASES

The Group's lease portfolio consists of office premises, concession rentals and other assets, such as catering equipment, vending machines 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 Group is a lessee is provided below. The Group does not have any material arrangements where it acts as a lessor.

Right-of-use assets

RIGHT-OF-USE ASSETS	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
At 1 October 2020	607	246	7	860
Additions	72	35	1	108
Amendments[1]	–	(5)	–	(5)
Depreciation charge for the year	(100)	(53)	(3)	(156)
Impairment	(5)	–	–	(5)
Sale and closure of businesses	(11)	(2)	(1)	(14)
Reclassification	(2)	(1)	(1)	(4)
Currency adjustment	(14)	(10)	(1)	(25)
At 30 September 2021	547	210	2	759
Additions	**64**	**57**	**1**	**122**
Amendments[1]	**20**	**(1)**	–	**19**
Depreciation charge for the year	**(100)**	**(54)**	**(2)**	**(156)**
Impairment	**(4)**	–	–	**(4)**
Impairment reversal	**3**	–	–	**3**
Business acquisitions	**7**	–	–	**7**
Reclassification	**(1)**	**(5)**	–	**(6)**
Currency adjustment	**42**	**35**	–	**77**
At 30 September 2022	**578**	**242**	**1**	**821**

1. Amendments include lease terminations, modifications, reassessments and extensions to existing lease agreements.

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11 LEASES CONTINUED

Lease liabilities

LEASE LIABILITIES	2022 £m	2021 £m
Current	194	180
Non-current	719	665
Total	**913**	845

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented in note 19.

Income statement

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	2022 £m	2021 £m
Leases of low-value assets, excluding short-term leases of low-value assets	37	30
Short-term leases	69	44
COVID-19 rent concessions	(2)	(4)
Variable lease payments	18	17
Expense relating to short-term leases, low-value assets and variable lease payments	**122**	87
Depreciation expense of right-of-use assets	156	156
Impairment	4	5
Impairment reversal	(3)	–
Interest on lease liabilities	35	35
Total	**314**	283

Cash flow statement

The Group had total cash outflows for leases of £187m (2021: £188m), comprising £35m (2021: £35m) of interest in cash flow from operating activities and £152m (2021: £153m) of principal in cash flow from financing activities. The Group has various non-cancellable lease contracts that had not yet commenced at 30 September 2022. The future lease payments for these non-cancellable lease contracts are £3m within one year (2021: £nil), £15m between one and five years (2021: £5m) and £18m thereafter (2021: £8m).

Other disclosures

Some lease agreements contain variable payments that are not linked to an index or rate, but are based on the performance of the underlying asset. The variable payments depend on sales and, consequently, on overall economic developments over the next few years. Variable payment terms are used to link rental payments to cash flows and reduce fixed costs.

The Group does not expect any significant changes in the overall ratio of the variable payments to the Group's entire lease portfolio.

Extension and termination options are included in a number of lease agreements and provide the Group with operational flexibility. These options are assessed at contract commencement as to whether they are reasonably certain to be exercised and are reassessed if a significant event or change in circumstances occurs which is in the control of the Group.

12 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST				
At 1 October 2020	390	1,732	790	2,912
Additions	11	155	59	225
Disposals	(25)	(163)	(77)	(265)
Business acquisitions	–	2	–	2
Sale and closure of businesses	(11)	(61)	(1)	(73)
Reclassification	11	10	(2)	19
Reclassification from assets held for sale	–	2	–	2
Currency adjustment	(15)	(68)	(23)	(106)
At 30 September 2021	361	1,609	746	2,716
Additions	**15**	**198**	**71**	**284**
Disposals	**(21)**	**(141)**	**(45)**	**(207)**
Business acquisitions	**1**	**5**	**1**	**7**
Sale and closure of businesses	**–**	**(1)**	**(1)**	**(2)**
Reclassification	**3**	**11**	**2**	**16**
Currency adjustment	**40**	**205**	**50**	**295**
At 30 September 2022	**399**	**1,886**	**824**	**3,109**
DEPRECIATION				
At 1 October 2020	214	1,149	579	1,942
Charge for the year	23	156	71	250
Impairment	3	4	3	10
Impairment reversal	–	(1)	(3)	(4)
Disposals	(20)	(138)	(67)	(225)
Sale and closure of businesses	(4)	(39)	(1)	(44)
Reclassification	8	14	(3)	19
Reclassification from assets held for sale	–	2	–	2
Currency adjustment	(8)	(44)	(17)	(69)
At 30 September 2021	216	1,103	562	1,881
Charge for the year	**23**	**167**	**70**	**260**
Impairment	**–**	**1**	**4**	**5**
Impairment reversal	**–**	**(1)**	**–**	**(1)**
Disposals	**(18)**	**(127)**	**(43)**	**(188)**
Sale and closure of businesses	**–**	**–**	**(1)**	**(1)**
Reclassification	**3**	**4**	**2**	**9**
Currency adjustment	**24**	**130**	**42**	**196**
At 30 September 2022	**248**	**1,277**	**636**	**2,161**
NET BOOK VALUE				
At 30 September 2021	145	506	184	835
At 30 September 2022	**151**	**609**	**188**	**948**

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13 INTERESTS IN JOINT VENTURES AND ASSOCIATES

INTERESTS IN JOINT VENTURES AND ASSOCIATES	Notes	2022 £m	2021 £m
NET BOOK VALUE			
At 1 October		**256**	345
Additions		**28**	5
Share of results of joint ventures		**27**	32
Share of results of associates		**18**	(1)
Transfer to other investments	14	**–**	(69)
Transfer to held for sale[1]		**(27)**	(17)
Dividends received		**(51)**	(28)
Currency and other adjustments		**19**	(11)
At 30 September		**270**	256
COMPRISED OF			
Interests in joint ventures		**85**	80
Interests in associates		**185**	176
Total		**270**	256

1. At 30 September 2022, £26m is held for sale after £1m of adverse exchange translation (see note 26).

Significant interests in joint ventures and associates measured using the equity method are as follows:

SIGNIFICANT JOINT VENTURES AND ASSOCIATES	Interest	Holding %	Principal place of business	Carrying amount 2022 £m	Carrying amount 2021 £m
Twickenham Experience Limited[1]	Associate	40%	UK	**79**	83
Abu Dhabi National Hotels Compass Middle East LLC	Joint venture	50%	UAE	**73**	67

1. The holding of 40% is based on the Group's share of voting rights. Based on the nominal value of share capital, the Group's holding is 16% (see note 35).

The Group's joint ventures and associates provide food and/or support services. None of these investments is considered to be individually material to the results or financial position of the Group.

14 OTHER INVESTMENTS

OTHER INVESTMENTS	Notes	2022 £m	2021 £m
NET BOOK VALUE			
At 1 October		**166**	75
Additions		**42**	20
Transfer from post-employment benefit obligations[1]	23	**546**	–
Transfer from interests in joint ventures and associates	13	**–**	69
Disposals		**(3)**	(3)
Change in fair value of investments at fair value through other comprehensive income		**(133)**	4
Change in fair value of investments at fair value through profit or loss	4	**(5)**	1
Rabbi Trust contributions		**61**	–
Rabbi Trust benefits paid	23	**(44)**	–
Dividends received from Rabbi Trust investments	4	**20**	–
Currency adjustment		**140**	–
At 30 September		**790**	166
COMPRISED OF			
Rabbi Trust investments[1]		**566**	–
Mutual fund investments[2]		**52**	38
Life insurance policies[2]		**33**	34
Trade investments[3]		**127**	76
Other investments		**12**	18
Total		**790**	166

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181). The assets mainly comprise funds with investments in quoted equities and bonds.
2. Held by overseas companies to meet the cost of unfunded post-employment benefit obligations (see page 181).
3. Primarily represents a 19% effective interest in Wildlife Holdings, Inc.

The loss from the change in fair value of investments at fair value through other comprehensive income of £133m (2021: £4m gain) mainly reflects a reduction in the market value of investments held by the Rabbi Trust.

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15 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	2022 Current £m	2022 Non-current £m	2022 Total £m	2021 Current £m	2021 Non-current £m	2021 Total £m
NET BOOK VALUE						
At 1 October	**2,684**	**129**	**2,813**	2,319	99	2,418
Net movement	**924**	**11**	**935**	455	32	487
Currency adjustment	**380**	**22**	**402**	(90)	(2)	(92)
At 30 September	**3,988**	**162**	**4,150**	2,684	129	2,813
COMPRISED OF						
Trade receivables	**3,035**	–	**3,035**	2,014	–	2,014
Provision for impairment of trade receivables	**(96)**	–	**(96)**	(77)	–	(77)
Net trade receivables	**2,939**	–	**2,939**	1,937	–	1,937
Other receivables[1, 2]	**562**	**184**	**746**	396	147	543
Provision for impairment of other receivables	**(28)**	**(25)**	**(53)**	(24)	(19)	(43)
Net other receivables	**534**	**159**	**693**	372	128	500
Accrued income	**362**	–	**362**	261	–	261
Prepayments	**153**	**3**	**156**	114	1	115
Total	**3,988**	**162**	**4,150**	2,684	129	2,813

1. Includes the net contract prepayments balance of £141m (2021: £97m).
2. Included within other receivables is £8m of government grants receivable (2021: £28m). These relate to government support under temporary wage and other subsidy schemes available in different countries. The Group does not have any unfulfilled obligations relating to these support programmes.

The ageing of gross trade receivables and of the provision for impairment is as follows:

TRADE RECEIVABLES (2022)	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Expected loss rate	–	**4%**	**28%**	**100%**	**85%**	**3%**
Gross trade receivables	**2,434**	**489**	**54**	**17**	**41**	**3,035**
Provision for impairment of trade receivables	**(11)**	**(18)**	**(15)**	**(17)**	**(35)**	**(96)**
Total	**2,423**	**471**	**39**	–	**6**	**2,939**

TRADE RECEIVABLES (2021)	Not yet due £m	0-3 months overdue £m	3-6 months overdue £m	6-12 months overdue £m	Over 12 months overdue £m	Total £m
Expected loss rate	1%	4%	52%	100%	100%	4%
Gross trade receivables	1,655	295	23	11	30	2,014
Provision for impairment of trade receivables	(12)	(12)	(12)	(11)	(30)	(77)
Total	1,643	283	11	–	–	1,937

Movements in the provision for impairment of trade and other receivables are as follows:

PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES	2022 Trade £m	2022 Other £m	2022 Total £m	2021 Trade £m	2021 Other £m	2021 Total £m
At 1 October	**77**	**43**	**120**	137	31	168
Charged to income statement	**28**	**9**	**37**	5	9	14
Credited to income statement	**(5)**	**(3)**	**(8)**	(33)	(2)	(35)
Utilised	**(21)**	**(1)**	**(22)**	(9)	(5)	(14)
Reclassification	**9**	–	**9**	(17)	10	(7)
Currency adjustment	**8**	**5**	**13**	(6)	–	(6)
At 30 September	**96**	**53**	**149**	77	43	120

Trade receivable days at 30 September 2022 were 39 days (2021: 35 days on a constant-currency basis).

16 INVENTORIES

INVENTORIES	2022 £m	2021 £m
NET BOOK VALUE		
At 1 October	327	310
Business acquisitions	6	1
Sale and closure of businesses	–	(25)
Reclassification from assets held for sale	–	3
Net movement	122	50
Currency adjustment	56	(12)
At 30 September	**511**	327

17 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS BY TYPE	2022 £m	2021 £m
Cash at bank and in hand	429	434
Short-term bank deposits	1,080	900
Money market funds	474	506
Total	**1,983**	1,840

CASH AND CASH EQUIVALENTS BY CURRENCY	2022 £m	2021 £m
Sterling	1,473	782
US dollar	193	764
Euro	50	23
Japanese Yen	7	4
Other	260	267
Total	**1,983**	1,840

The Group's policy to manage the credit risk associated with cash and cash equivalents is set out in note 19. The book value of cash and cash equivalents represents the maximum credit exposure.

Master netting or similar agreements

The Group has an agreement with a bank counterparty such that, following each quarter end, all balances are net settled simultaneously to a single sterling value which is transferred to the sterling bank account of Compass Group PLC and included in cash and cash equivalents at the balance sheet date. The cash and overdraft figures before netting are shown in the table below:

	2022			2021		
	Gross £m	Offset £m	Net £m	Gross £m	Offset £m	Net £m
Cash and cash equivalents	2,378	(395)	1,983	2,119	(279)	1,840
Bank overdrafts	(646)	395	(251)	(463)	279	(184)

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18 BORROWINGS

BORROWINGS BY TYPE	Nominal value	Redeemable	Interest	2022 £m	2021 £m
US Private Placement	$398m	Oct 2021	3.98%	–	295
Eurobond	€500m	Jan 2023	1.88%	**439**	440
US Private Placement	$352m	Oct 2023	4.12%	**310**	274
Eurobond	€750m	Jul 2024	0.63%	**632**	659
US Private Placement	$100m	Dec 2024	3.54%	**89**	74
Eurobond	£250m	Sep 2025	2.00%	**220**	252
US Private Placement	$300m	Sep 2025	3.81%	**259**	242
Eurobond	£250m	Jun 2026	3.85%	**249**	249
US Private Placement	$300m	Dec 2026	3.64%	**269**	221
Eurobond	€500m	Sep 2028	1.50%	**380**	443
Eurobond	£300m	Jul 2029	2.00%	**233**	300
Eurobond	€500m	Mar 2030	3.00%	**412**	–
Eurobond	£250m	Sep 2032	4.38%	**218**	–
Issued debt				**3,710**	3,449
Bank loans				**3**	2
Bank overdrafts				**251**	184
Total				**3,964**	3,635
COMPRISED OF					
Current				**693**	481
Non-current				**3,271**	3,154
Total				**3,964**	3,635

The US Private Placements and Eurobonds are shown net of unamortised issue costs. The Group adjusts the carrying values of the US Private Placements and Eurobonds that are designated in effective fair value hedge relationships for fair value gains and losses (based on observable market inputs) attributable to the risk being hedged.

In September 2022, the Group issued fixed-rate sustainable bonds of €500m (£439m) and £250m maturing in 2030 and 2032, respectively.

Interest on bank overdrafts is at the relevant money market rates.

BORROWINGS BY MATURITY	2022 £m	2021 £m
Within 1 year, or on demand	**693**	481
Between 1 and 2 years	**942**	440
Between 2 and 3 years	**568**	933
Between 3 and 4 years	**249**	568
Between 4 and 5 years	**269**	249
In more than 5 years	**1,243**	964
Total	**3,964**	3,635

BORROWINGS BY CURRENCY	2022 £m	2021 £m
Sterling	**920**	801
US dollar	**1,175**	1,287
Euro	**1,863**	1,542
Other	**6**	5
Total	**3,964**	3,635

Covenants

The US Private Placement (USPP) notes contain financial covenants which consist of a leverage covenant test and an interest cover covenant test which are tested semi-annually at 31 March and 30 September.

The leverage covenant test stipulates that net debt after adjustments (including removal of leases, derivatives and fair value adjustments) must be less than or equal to 3.5 times underlying EBITDA after adjustments (including non-underlying items, depreciation on right-of-use assets and lease interest) and can be increased to 4 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

18 BORROWINGS CONTINUED

The interest cover covenant test stipulates that underlying EBITDA after adjustments (including non-underlying items, depreciation on right-of-use assets and lease interest) must be more than or equal to 3 times net finance costs after adjustments (including removal of lease interest and other financing items) and can be reduced to 2.5 times without breach for a limited period of time following a material acquisition and subject to a coupon step up being paid.

	Covenant requirement[1]	Ratio[2]		Covenant ratio[3]	
		2022	2021	**2022**	2021
Leverage covenant	<=3.5	**1.3**	1.6	**1.0**	1.5
Interest cover covenant	>=3	**23.7**	13.8	**33.4**	14.7

1. Can be exceeded by 0.5 for three consecutive reporting periods following a material acquisition and subject to a coupon step up being paid.
2. Calculated using Alternative Performance Measures (see note 33). The leverage ratio reflects net debt divided by underlying EBITDA. The interest cover ratio reflects underlying EBITDA divided by underlying net finance costs.
3. Calculated using Alternative Performance Measures (see note 33) and adjusted as per the USPP agreements.

19 FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, borrowings, receivables and payables that are used to finance the Group's operations. The Group also uses derivatives, principally interest rate swaps, forward currency contracts and cross currency swaps, to manage interest rate and currency risks arising from the Group's operations. The Group does not trade in financial instruments. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates and to manage the Group's financial risks. The Board approves any changes to the policies.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due.

The Group finances its operations through cash generated by the business and borrowings from a number of sources, including banking institutions, the public and the private placement markets. The Group has developed long-term relationships with a number of financial counterparties with the balance sheet strength and credit quality to provide credit facilities as required.

The Group seeks to avoid a concentration of debt maturities in any one period to spread its refinancing risk. The maturity profile of the Group's principal borrowings at 30 September 2022 shows that the average period to maturity is 3.9 years (2021: 3.7 years).

Liquidity risk faced by the Group is mitigated by having diverse sources of finance available to it and by maintaining substantial unutilised committed banking facilities to maintain a level of headroom in line with Board approval.

The Group has a £2,000m committed Revolving Credit Facility (RCF), of which £140m is committed to August 2024 and £1,860m is committed to August 2026. At 30 September 2022, no amounts were drawn under the RCF (2021: £nil).

The Group has a $4bn commercial paper programme. Commercial paper is issued to meet short-term liquidity requirements and is supported by the RCF. At 30 September 2022, no commercial paper was outstanding under the programme (2021: £nil).

Foreign currency risk

The Group's policy is to balance its principal projected cash flows by currency to actual or effective borrowings in the same currency.
As currency cash flows are generated, they are used to service and repay debt in the same currency. Where necessary, to implement this policy, forward currency contracts and cross currency swaps are executed which, when applied to the actual currency liabilities, convert these to the required currency.

The borrowings in each currency can give rise to foreign exchange differences on translation into sterling. Where the borrowings are less than, or equate to, the net investment in overseas operations, these exchange rate variances may be treated as movements on reserves and recorded in the consolidated statement of comprehensive income rather than in the consolidated income statement.

Non-sterling earnings streams are translated at the average rate of exchange for the year. Fluctuations in exchange rates have given and will continue to give rise to translation differences. The Group is only partially protected from the impact of such differences through the matching of cash flows to currency borrowings.

The Group has minimal exposure to the foreign currency risk of trade receivables and payables as operations within individual countries have little cross-border activity which might give rise to translation risks on trade-related balances.

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19 FINANCIAL RISK MANAGEMENT CONTINUED

The main currencies to which the Group's reported sterling financial position is exposed are the US dollar and Euro. As set out above, the Group seeks to hedge its exposure to currencies by matching debt in currency against the cash flows generated by the Group's foreign operations in such currencies.

The effect on profit for the year (after tax) and total equity of a 10% strengthening of sterling against these currencies on the Group's financial instruments is shown below. A 10% weakening would result in an equal and opposite impact on the profit or loss and equity of the Group. This table shows the impact on the financial instruments in place at 30 September and has been prepared on the basis that the 10% change in exchange rates occurred on the first day of the financial year and applied consistently throughout the year.

FINANCIAL INSTRUMENTS: IMPACT OF STERLING STRENGTHENING BY 10%	2022 US dollar £m	2022 Euro £m	2021 US dollar £m	2021 Euro £m
Increase/(decrease) in profit for the year (after tax)	**1**	**(26)**	(2)	(24)
Increase in total equity	**145**	**48**	92	46

Interest rate risk

As set out above, the Group has effective borrowings in a number of currencies. The Group raises fixed-rate capital market debt and may swap this to floating rate using interest rate swaps on a case-by-case basis. The Group's policy is to ensure that, in the short term, it is not materially exposed to fluctuations in interest rates in its principal currencies. The Group implements this policy either by borrowing fixed-rate debt or by using interest rate swaps so that the interest rates on at least 80% of the Group's projected debt are fixed for one year. For the second and third years, interest rates are fixed within ranges of 30%-70% and 0%-40%, respectively.

In September 2022, the Group issued fixed-rate sustainable bonds of €500m (£439m) and £250m maturing in 2030 and 2032, respectively. The Group entered into interest rate and cross currency swaps to effectively convert these to sterling, paying a floating interest rate. The bonds and swaps are accounted for as fair value hedges.

The sensitivity analysis given below has been determined based on the derivative and non-derivative financial instruments the Group had in place at the year-end date.

The effect of a 1% increase in interest rates prevailing at the balance sheet date on the Group's cash and cash equivalents and debt subject to variable rates of interest at the balance sheet date would be to increase profit for the year (after tax) by £7m (2021: £3m) over the course of a year. A similar 1% decrease in interest rates would result in an equal and opposite effect over the course of a year.

INTEREST RATE SENSITIVITY ANALYSIS (2022)	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Increase in interest rate	**+1%**	**+1%**	**+1%**	**+1%**	
Floating rate exposure – cash/(debt)	**476**	**(36)**	**112**	**289**	**841**
Increase in profit for the year (after tax)	**4**	**–**	**1**	**2**	**7**

INTEREST RATE SENSITIVITY ANALYSIS (2021)	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Increase in interest rate	+1%	+1%	+1%	+1%	
Floating rate exposure – cash/(debt)	263	(60)	6	127	336
Increase in profit for the year (after tax)	2	–	–	1	3

These changes are the result of the exposure to interest rates from the Group's floating-rate cash and cash equivalents and debt. The sensitivity gains and losses given above may vary because cash flows vary throughout the year and interest rate and currency hedging may be implemented after the year-end date in order to comply with the treasury policies outlined above.

19 FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's policy is to minimise its exposure to credit risk from the failure of any single financial counterparty by spreading its risk across a portfolio of financial counterparties and managing the aggregate exposure to each against certain pre-agreed limits. Exposure to counterparty credit risk arising from deposits and derivatives (including forward currency contracts and cross currency swaps) is concentrated at the Group centre where possible. Financial counterparty limits are derived from the long-term and short-term credit ratings, and the balance sheet strength of the financial counterparty. All financial counterparties are required to have a minimum long-term credit rating from Moody's of Baa2 and a short-term credit rating from Moody's of P-2 or equivalent from another recognised agency. To reduce credit exposures, the Group has International Swaps and Derivatives Association (ISDA) Master Agreements with all of its counterparties for financial derivatives, which permit net settlement of assets and liabilities in certain circumstances. The maximum exposure to credit risk resulting from financial activities, without considering netting arrangements, is equal to the carrying value of the Group's financial assets.

At 30 September 2022, 73% of cash and cash equivalents were held with investment-grade bank counterparties, 24% with AAA money market funds and 3% held with non-investment-grade bank counterparties. In addition, 100% of derivative instruments was held with investment-grade bank counterparties.

Credit sales are only made after credit approval procedures have been completed satisfactorily. The policy for making provisions for bad and doubtful debts varies from country to country as different countries and markets have different payment practices. Various factors are considered, including how overdue the debt is, the type of receivable and its past history, and current market and trading conditions. Full provision is made for debts that are not considered to be recoverable.

There is limited concentration of credit risk with respect to trade and other receivables due to the diverse and unrelated nature of the Group's client and supplier base. Expected credit losses are measured using historical cash collection data grouped according to payment terms. The historical default rates are adjusted where macroeconomic factors are expected to have a significant impact when determining future expected credit loss rates. The expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age.

Trade and other receivables are written off when there is no reasonable expectation of recovery and enforcement activity has ceased. An impairment analysis is performed at each reporting date to measure expected credit losses. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for the impairment of receivables. The book value of trade and other receivables represents the Group's maximum exposure to credit risk.

At 30 September 2022, trade receivables of £516m (2021: £294m) were past due but not impaired (see note 15). The Group has made a provision based on a number of factors, including past history of the debtor and expected credit losses, and all amounts not provided for are considered to be recoverable.

Management has considered the impact of reasonable changes in the expected credit loss rates used in the estimates made and does not consider that a reasonable change would lead to a material adjustment to the estimate in the next 12 months.

Hedging activities

An analysis of the Group's derivative financial instruments is shown below:

DERIVATIVE FINANCIAL INSTRUMENTS	2022 Current assets £m	2022 Non-current assets £m	2022 Current liabilities £m	2022 Non-current liabilities £m	2021 Current assets £m	2021 Non-current assets £m	2021 Current liabilities £m	2021 Non-current liabilities £m
Fair value hedges								
Interest rate swaps	–	–	–	(154)	–	66	–	–
Cross currency swaps	43	–	–	(82)	–	45	–	(7)
Net investment hedges								
Forward currency contracts	18	–	–	–	–	–	(3)	–
Not in a hedging relationship								
Interest rate swaps	5	76	(3)	(1)	–	5	(1)	–
Forward currency contracts	5	–	(3)	–	2	–	(5)	–
Total	71	76	(6)	(237)	2	116	(9)	(7)

On adoption of IFRS 9 Financial Instruments, the Group elected to continue to apply the hedge accounting guidance in IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
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19 FINANCIAL RISK MANAGEMENT CONTINUED

Fair value hedges

The Group uses interest rate and cross currency swaps to hedge the fair value of some of its fixed-rate borrowings. These instruments swap the fixed interest payable on the borrowings into floating interest rates and hedge the fair value of the borrowings against changes in interest rates and foreign exchange rates. These swaps all qualify for fair value hedge accounting as defined by IAS 39.

Net investment hedges

The Group uses foreign currency denominated debt and forward currency contracts to partially hedge against the change in the sterling value of its foreign currency denominated net assets due to movements in foreign exchange rates.

The carrying value of debt and derivatives in a net investment hedge was £909m (2021: £572m). A foreign exchange loss of £190m (2021: £37m gain) relating to the net investment hedges has been netted off during the year within currency translation differences as presented in the consolidated statement of comprehensive income. The balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply is a loss of £774m (2021: £584m) and for which hedge accounting is no longer applied is £nil (2021: £nil).

Derivatives not in a hedging relationship

The Group has a number of derivative financial instruments that do not meet the criteria for hedge accounting. These include some interest rate swaps and some forward currency contracts used for interest and cash management.

Impact of hedging activities

The impact of the hedged items on the Group's financial statements is as follows:

	2022			2021		
HEDGED ITEMS	**Carrying amount of the hedged items £m**	**Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m**	**Change in fair value of hedged items used to determine hedge effectiveness £m**	Carrying amount of the hedged items £m	Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items £m	Change in fair value of hedged items used to determine hedge effectiveness £m
FAIR VALUE HEDGES						
Interest rate risk						
Short-term borrowings	**(439)**	**–**	**10**	–	–	–
Long-term borrowings	**(2,664)**	**238**	**310**	(2,610)	(82)	99
	(3,103)	**238**	**320**	(2,610)	(82)	99

The impact of the hedging instruments on the Group's financial statements is as follows:

	2022			2021		
HEDGING INSTRUMENTS	**Nominal amount of the hedging instruments £m**	**Carrying amount of the hedging instruments £m**	**Change in fair value of hedging instruments used to determine hedge effectiveness £m**	Nominal amount of the hedging instruments £m	Carrying amount of the hedging instruments £m	Change in fair value of hedging instruments used to determine hedge effectiveness £m
FAIR VALUE HEDGES						
Interest rate risk						
Derivative financial instruments – current assets	**439**	**43**	**–**	–	–	–
Derivative financial instruments – non-current assets	**–**	**–**	**(65)**	2,109	111	(104)
Derivative financial instruments – non-current liabilities	**2,920**	**(236)**	**(252)**	430	(7)	16
	3,359	**(193)**	**(317)**	2,539	104	(88)
NET INVESTMENT HEDGES						
Foreign currency risk						
Derivative financial instruments – current assets	**(804)**	**18**	**5**	(144)	–	11
Derivative financial instruments – current liabilities	**(74)**	**–**	**(38)**	(588)	(3)	–
Short-term borrowings	**–**	**–**	**(2)**	(295)	(295)	13
Long-term borrowings	**(942)**	**(927)**	**(155)**	(261)	(274)	13
	(1,820)	**(909)**	**(190)**	(1,288)	(572)	37

19 FINANCIAL RISK MANAGEMENT CONTINUED

The notional amount of interest rate and cross currency swaps by currency is as follows:

NOTIONAL AMOUNT OF INTEREST RATE AND CROSS CURRENCY SWAPS BY CURRENCY	2022 Fair value hedges £m	2022 Not in a hedging relationship £m	2021 Fair value hedges £m	2021 Not in a hedging relationship £m
Sterling	800	550	550	392
US dollar	584	1,230	484	334
Euro	1,975	347	1,505	258
Japanese Yen	–	36	–	26
Other	–	252	–	210
Total	3,359	2,415	2,539	1,220

The effective currency denomination of borrowings and leases after the effect of derivatives is as follows:

EFFECTIVE CURRENCY DENOMINATION OF BORROWINGS AND LEASES AFTER THE EFFECT OF DERIVATIVES	2022 Gross borrowings £m	2022 Lease liabilities £m	2022 Forward currency contracts[1] £m	2022 Effective currency of borrowings £m	2021 Gross borrowings £m	2021 Lease liabilities £m	2021 Forward currency contracts[1] £m	2021 Effective currency of borrowings £m
Sterling	920	216	748	1,884	801	223	361	1,385
US dollar	1,175	445	627	2,247	1,287	368	493	2,148
Euro	1,863	147	(1,690)	320	1,542	153	(1,230)	465
Japanese Yen	–	–	30	30	–	–	58	58
Other	6	105	230	341	5	101	316	422
Total	3,964	913	(55)	4,822	3,635	845	(2)	4,478

1. Includes cross currency contracts.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

In the prior year, the Group adopted the Interest Rate Benchmark Reform – Phase 2 (IBOR Reform) amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures. The amendments provide relief from applying specific hedge accounting requirements to hedge relationships directly affected by the IBOR Reform and have the effect that IBOR Reform should generally not cause hedge accounting to terminate. The Group believes that any resulting ineffectiveness consequent to the IBOR Reform has been or is likely to be immaterial. The Group does not believe that IBOR Reform has materially adversely affected the Group or its ability to manage its borrowings or interest rate risk.

The Group's committed borrowing facilities can be drawn in a number of currencies, some of which reference the relevant IBOR in calculating the applicable interest rate. Where GBP or USD LIBOR is referenced as the applicable interest rate, these were amended to reference the relevant alternative reference rates.

The Group is a party to the ISDA fallback protocols which automatically convert derivatives from IBOR to the relevant alternative reference rate when the IBOR rate ceases. The reference rates on derivatives with a net nominal value of £752m have been converted from GBP LIBOR to GBP SONIA. In the year ending 30 September 2023, the reference rates on derivatives with a net nominal value of £148m will be converted from USD LIBOR to USD SOFR.

As the cessation of USD LIBOR is still some time away, the Group is of the opinion that there is still uncertainty around those derivatives and, therefore, the IBOR Reform Phase 1 amendments previously adopted by the Group are still applicable. Subject to the cessation of USD LIBOR, the Group has completed its IBOR Reform process.

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19 FINANCIAL RISK MANAGEMENT CONTINUED

Maturity analysis of the contractual cash flows of financial liabilities

The following table provides an analysis of the expected contractual cash flows, including interest payable, of certain financial liabilities and derivative financial instruments on an undiscounted basis. Where interest payments are calculated at a floating rate, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at the respective year ends. The gross cash flows of derivatives are presented net for the purposes of this table.

	2022							
MATURITY ANALYSIS OF THE CONTRACTUAL CASH FLOWS OF FINANCIAL LIABILITIES	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Borrowings	**693**	**973**	**608**	**250**	**269**	**1,428**	**4,221**	**3,964**
Interest on borrowings	**100**	**85**	**73**	**56**	**46**	**113**	**473**	**30**
Lease liabilities	**198**	**162**	**137**	**121**	**97**	**404**	**1,119**	**913**
Interest rate swaps	**2**	**26**	**8**	**16**	**14**	**26**	**92**	**77**
Cross currency swaps	**4**	**35**	**36**	**32**	**29**	**34**	**170**	**39**
Forward currency contracts	**(20)**	**–**	**–**	**–**	**–**	**–**	**(20)**	**(20)**

	2021							
MATURITY ANALYSIS OF THE CONTRACTUAL CASH FLOWS OF FINANCIAL LIABILITIES	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Borrowings	481	430	906	547	250	952	3,566	3,635
Interest on borrowings	76	70	56	46	31	36	315	35
Lease liabilities	186	152	122	102	90	398	1,050	845
Interest rate swaps	(27)	(22)	(14)	(9)	–	2	(70)	(70)
Cross currency swaps	(3)	(33)	3	3	4	31	5	(38)
Forward currency contracts	6	–	–	–	–	–	6	6

20 FINANCIAL INSTRUMENTS

Financial instruments measured at amortised cost

The carrying amounts of the following financial instruments measured at amortised cost approximate to their fair values: trade and other receivables; cash and cash equivalents (excluding money market funds); lease liabilities; provisions; and trade and other payables. Borrowings are measured at amortised cost unless they are part of a fair value hedge, in which case amortised cost is adjusted for the fair value attributable to the risk being hedged. The carrying amount of borrowings at 30 September 2022 is £3,964m (30 September 2021: £3,635m). The fair value of borrowings at 30 September 2022, calculated by discounting future cash flows to net present values at current market rates for similar financial instruments, is £3,920m (30 September 2021: £3,728m).

Financial instruments measured at fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

The fair value measurement hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

There were no transfers of financial instruments between levels of the fair value hierarchy in either the year ended 30 September 2022 or 2021. The carrying amounts of financial instruments measured at fair value are shown in the table below:

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	Notes	Level	**2022 £m**	2021 £m
NON-CURRENT				
Rabbi Trust investments[1, 2]	14	1	**566**	–
Mutual fund investments[1]	14	1	**52**	38
Other investments[1]	14	1	**12**	18
Life insurance policies[1]	14	2	**33**	34
Derivative financial instruments – assets	19	2	**76**	116
Derivative financial instruments – liabilities	19	2	**(237)**	(7)
Trade investments[1]	14	3	**127**	76
Contingent consideration on business acquisitions[3]	21	3	**(39)**	(63)
Non-controlling interest put options[3]	21	3	**(45)**	(30)
CURRENT				
Money market funds[4]	17	1	**474**	506
Derivative financial instruments – assets	19	2	**71**	2
Derivative financial instruments – liabilities	19	2	**(6)**	(9)
Contingent consideration on business acquisitions[3]	21	3	**(30)**	(7)
Non-controlling interest put options[3]	21	3	**–**	(8)

1. Classified as other investments in the consolidated balance sheet.
2. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).
3. Classified as trade and other payables in the consolidated balance sheet.
4. Classified as cash and cash equivalents in the consolidated balance sheet on the basis that they have a maturity of three months or less from the date of acquisition.

Due to the variability of the valuation factors, the fair values presented at 30 September 2022 may not be indicative of the amounts the Group would expect to realise in the current market environment. The fair values of financial instruments at levels 2 and 3 of the fair value hierarchy have been determined based on the valuation methodologies listed below:

Level 2

Life insurance policies Cash surrender values provided by third-party insurance providers.

Derivative financial instruments Present values determined from future cash flows discounted at rates derived from market sourced data. The fair values of derivative financial instruments represent the maximum credit exposure.

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20 FINANCIAL INSTRUMENTS CONTINUED

Level 3

Trade investments (primarily a 19% effective interest in Wildlife Holdings, Inc.) Estimated value using a weighted income and market value approach, with the income approach based on discounted cash flow projections and the market value approach on revenue and earnings multiples.

Contingent consideration on business acquisitions Estimated amounts payable based on the likelihood of specified future conditions, such as earnings targets, being met.

Non-controlling interest put options Estimated amounts payable based on the likelihood of options being exercised by minority shareholders.

A reconciliation from opening to closing balances for Level 3 financial instruments is as follows:

LEVEL 3 FINANCIAL INSTRUMENTS	2022			2021		
	Trade investments £m	Contingent consideration on business acquisitions £m	Non-controlling interest put options £m	Trade investments £m	Contingent consideration on business acquisitions £m	Non-controlling interest put options £m
At 1 October	76	(70)	(38)	–	(84)	(137)
Change in fair value recognised in the income statement	–	9	–	–	(11)	–
Change in fair value recognised in the statement of comprehensive income	4	–	–	7	–	–
Change in fair value recognised in the statement of changes in equity	–	–	(9)	–	–	(16)
Additions	27	(66)	–	–	(6)	–
Transfer from interests in joint ventures and associates	–	–	–	69	–	–
Payments relating to businesses acquired in previous years	–	60	10	–	27	107
Currency translation	20	(2)	(8)	–	4	8
At 30 September	127	(69)	(45)	76	(70)	(38)

The directors do not consider that any reasonably possible changes in the key assumptions would cause the fair value of the Level 3 financial instruments to be significantly higher or lower.

21 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES	2022 Current £m	2022 Non-current £m	2022 Total £m	2021 Current £m	2021 Non-current £m	2021 Total £m
NET BOOK VALUE						
At 1 October	**4,090**	**305**	**4,395**	3,615	331	3,946
Net movement	**974**	**(6)**	**968**	595	(12)	583
Transfer from held for sale	–	–	–	8	–	8
Currency adjustment	**562**	**55**	**617**	(128)	(14)	(142)
At 30 September	**5,626**	**354**	**5,980**	4,090	305	4,395
COMPRISED OF						
Trade payables	**2,292**	–	**2,292**	1,418	–	1,418
Social security and other taxes	**472**	**23**	**495**	361	23	384
Other payables[1]	**506**	**49**	**555**	312	51	363
Contingent consideration on business acquisitions	**30**	**39**	**69**	7	63	70
Non-controlling interest put options	–	**45**	**45**	8	30	38
Accruals[2]	**1,999**	**28**	**2,027**	1,711	22	1,733
Deferred income	**305**	**170**	**475**	254	116	370
Capital creditors	**22**	–	**22**	19	–	19
Total	**5,626**	**354**	**5,980**	4,090	305	4,395

1. Of this balance, £278m (2021: £168m) is categorised as financial liabilities, including a £77m (2021: £nil) commitment in respect of the share buyback programme announced in May 2022.
2. Of this balance, £1,139m (2021: £709m) is categorised as financial liabilities.

The current trade and other payables are payable on demand.

Trade payable days at 30 September 2022 were 65 days (2021: 66 days on a constant-currency basis).

Contingent consideration in respect of the acquisition of Fazer Food Services in January 2020 was paid during the year (2021: £49m).

The ageing of non-current financial liabilities in trade and other payables is as follows:

TRADE AND OTHER PAYABLES	2022 Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Financial liabilities	**59**	**60**	**19**	–	**24**	**162**

TRADE AND OTHER PAYABLES	2021 Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	Over 5 years £m	Total £m
Financial liabilities	41	58	20	–	21	140

Supply chain financing

The Group has Supply Chain Financing (SCF) arrangements in place. The principal purpose of these arrangements is to enable the supplier, if it so wishes, to sell its receivables due from the Group to a third-party bank prior to their due date, thus providing earlier access to liquidity. From the Group's perspective, the invoice payment due date remains unaltered and the payment terms of suppliers participating in the SCF programmes are similar to those suppliers that are not participating, and to the wider industry more generally.

If a receivable is purchased by a third-party bank, that third-party bank does not benefit from additional security when compared to the security originally enjoyed by the supplier.

At 30 September 2022, the value of invoices sold under the SCF programmes was £772m, with £706m related to the Group's programme in the US (2021: £490m and £441m, respectively). The increase in the value of invoices sold compared with last year reflects the continued recovery of purchasing activity following the pandemic. These amounts are included within trade payables and all cash flows associated with the programmes are included within cash flow from operating activities as they continue to be part of the normal operating cycle of the Group.

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22 PROVISIONS

PROVISIONS	Workers' compensation and similar obligations £m	Provisions in respect of discontinued and disposed businesses £m	Onerous contracts £m	Legal and other claims £m	Severance £m	Other £m	Total £m
At 1 October 2020	343	19	64	30	129	52	637
Reclassification	–	4	(4)	5	6	(14)	(3)
Expenditure in the year	(74)	(3)	(29)	(5)	(186)	(3)	(300)
Charged to income statement	81	–	15	23	164	26	309
Credited to income statement	(15)	–	(8)	(3)	–	(8)	(34)
Sale and closure of businesses	–	(7)	–	1	–	(1)	(7)
Unwinding of discount	3	–	–	–	–	–	3
Currency adjustment	(14)	–	(2)	(2)	(5)	(1)	(24)
At 30 September 2021	324	13	36	49	108	51	581
Reclassification	**–**	**4**	**11**	**(13)**	**(8)**	**1**	**(5)**
Expenditure in the year	**(79)**	**(4)**	**(18)**	**(10)**	**(62)**	**(5)**	**(178)**
Charged to income statement	**117**	**–**	**12**	**2**	**7**	**6**	**144**
Credited to income statement	**(19)**	**–**	**(11)**	**(5)**	**(6)**	**(6)**	**(47)**
Business acquisitions	**–**	**–**	**1**	**1**	**–**	**–**	**2**
Unwinding of discount	**5**	**–**	**–**	**–**	**–**	**–**	**5**
Currency adjustment	**66**	**(1)**	**2**	**2**	**5**	**3**	**77**
At 30 September 2022	**414**	**12**	**33**	**26**	**44**	**50**	**579**

COMPRISED OF	**2022 £m**	2021 £m
Current	**269**	298
Non-current	**310**	283
Total	**579**	581

Provisions are discounted to present value where the effect is material using the discount rate applicable to the liability. In estimating the provisions above, management has made estimates and used assumptions in determining the nature, amount and timing of potential outflows. Management does not consider that a reasonable change in key assumptions in any of the provision estimates made at the date of the balance sheet could lead to a material adjustment in the next 12 months to the carrying amount of the liability recorded.

Workers' compensation and similar obligations The provision for workers' compensation and similar obligations relates mainly to the potential settlement of claims by employees in the US for medical benefits and lost wages associated with injuries incurred in the course of their employment, and is essentially long term in nature.

Provisions in respect of discontinued and disposed businesses Provisions in respect of discontinued and disposed businesses relate to estimated amounts payable in connection with onerous contracts and claims arising from disposals. The final amount payable remains uncertain as, at the date of approval of these financial statements, negotiations in relation to potential claims are ongoing and there remains a further period during which claims may be received. The timing of any settlement will depend upon the nature and extent of claims received.

Onerous contracts Provisions for onerous contracts represent the liabilities in respect of unavoidable contract losses which will be utilised over the remaining life of each individual contract. The typical length of a client contract is three to five years. A full analysis is performed at least annually of the future profitability of all loss-making contracts and contracts with low profitability, and of the balance sheet items directly linked to these contracts.

Legal and other claims Provisions for legal and other claims relate principally to provisions for the estimated cost of litigation and other sundry claims. The timing of the settlement of these claims is uncertain.

Severance Provisions for severance primarily represent redundancy costs, including COVID-19 resizing costs. The Group expects these provisions to be substantially utilised within the next year.

Other Other provisions include environmental provisions in respect of potential liabilities relating to the Group's responsibility for maintaining its operating sites in accordance with statutory requirements. The Group's aim is to have a low impact on the environment. These provisions are expected to be utilised as operating sites are closed or as environmental matters are resolved.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS

Pension schemes

The Group operates a number of pension arrangements throughout the world which have been developed in accordance with statutory requirements and local customs and practices. The majority of schemes are self-administered and the schemes' assets are held independently of the Group's assets. Pension costs are assessed in accordance with the advice of independent, professionally qualified actuaries.

UK schemes

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

CRISP was launched on 1 February 2003 and has been the main vehicle for pension provision for eligible new joiners in the UK since that date. CRISP is a defined contribution (money purchase) arrangement whereby the 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 are offered an additional employer-only contribution into CHIP. The amount of contribution and eligibility for CHIP are decided annually at the Group's discretion. A CHIP payment may be taken in part, or in whole, as a cash allowance instead of a pension contribution.

CRISP has a corporate trustee. The Chairman is a former employee of the Group. The other five trustee directors are UK-based employees of the Group, two of whom have been nominated by CRISP members. There is a vacancy for a trustee director to be nominated by CRISP members and applications are being sought for the position.

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

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

The Plan is reappraised half-yearly for accounting purposes 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 Plan operates under the Fifth Definitive Trust Deed dated 25 March 2013 and subsequent amendments and relevant legislation (principally the Pensions Acts 1993, 1995, 2004 and 2021), with regulatory oversight from the Pensions Regulator.

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

US schemes

In the US, the main vehicles for retirement provision are the defined contribution plans. The defined benefit plans are closed to new participants. Compass USA has taken out life insurance policies and invested in mutual funds to meet these unfunded defined benefit pension obligations, working towards a 100% funding level on a projected salary basis.

The Group also has a non-qualified deferred compensation plan (Rabbi Trust), which is a salary sacrifice scheme providing a tax-efficient way of saving for senior management. Employee and employer contributions to the plan are invested on behalf of the employees in investment funds and they are entitled to the assets and their returns on or after leaving the Group. Plan benefits are paid in cash. Participants can elect to receive payment either as a lump sum or in annual instalments over 5 to 15 years.

Compass USA engages with a number of unions and is required to abide by the individual collective bargaining agreements (CBA) negotiated with each union. Under the terms of these CBAs, Compass USA is required to pay the union members' salary and contribute to various multi-employer benefit plans which include (i) post-employment benefits, including pensions and post-employment healthcare, (ii) defined contribution plans, such as 401(k) and annuity and savings plans and (iii) other plans which include legal funds, training funds and education funds.

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23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Participation in multi-employer pension plans bears risks that differ from single-employer plans. These risks include:

- assets contributed to the plans by Compass USA may be used to provide benefits to employees of other participating employers
- if a participating employer stops contributing to the plan for any reason, the unfunded obligation remaining may transition to the remaining employers participating in the plan
- if Compass USA stops participating in the plan for any reason, it may be required to pay a proportionate amount to the plan for its share of the unfunded liability, known as a withdrawal liability

Compass USA is involved with 39 multi-employer benefit plans (2021: 39). The Group is not aware of, and has no reasonable expectation that, any plan in which it currently participates is in imminent danger of becoming insolvent or is likely to experience a mass withdrawal.

These plans are accounted for as defined contribution plans as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans. The Group made total contributions of £30m in the year (2021: £14m) to these arrangements.

Other schemes

In Canada, Germany, Norway, Spain and Switzerland, the Group also participates in funded defined benefit arrangements.

In other countries, Group employees participate primarily in state arrangements to which the Group makes the appropriate contributions.

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.

Defined benefit schemes

The Group's obligations in respect of defined benefit pension schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value and the fair value of scheme assets is then deducted. The discount rate used is the yield at the valuation date on high-quality corporate bonds, with terms consistent with the timing of the expected benefit payments over future years.

The Group takes advice from independent actuaries relating to the appropriateness of the assumptions which include inflation, expected salary and pension increases, and life expectancy of members. It is important to note that comparatively small changes in the assumptions used may have a significant effect on the consolidated income statement and balance sheet.

The liabilities of the defined benefit schemes are measured by discounting the best estimate of future benefit cash outflows using the projected unit credit method. This method is an accrued benefits valuation method that makes allowances for projected earnings. These calculations are performed by a qualified actuary.

The split of defined benefit liabilities on an IAS 19 basis between active, deferred and pensioner members is shown below:

	2022			2021		
	Active	**Deferred**	**Pensioner**	Active	Deferred	Pensioner
UK Plan	**1%**	**46%**	**53%**	1%	47%	52%
UK unfunded arrangements	**–**	**4%**	**96%**	–	6%	94%
US[1]	**41%**	**2%**	**57%**	44%	2%	54%
Other	**68%**	**3%**	**29%**	64%	4%	32%

1. Excluding the Rabbi Trust.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

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

	UK schemes		US schemes		Other schemes	
	2022	2021	**2022**	2021	**2022**	2021
Discount rate	**5.4%**	2.0%	**5.1%**	2.5%	**4.3%**	2.4%
Inflation	**3.9%**	3.7%	**2.4%**	2.1%	**1.4%**	1.2%
CPI inflation	**3.4%**	3.2%	**n/a**	n/a	**n/a**	n/a
Rate of increase in salaries	**3.9%**	3.7%	**3.3%**	3.0%	**2.6%**	2.5%
Rate of increase for pensions in payment	**3.5%**	3.5%	**2.4%**	2.1%	**0.2%**	0.2%
Rate of increase for deferred pensions[1]	**3.6%**	3.4%	**0.0%**	0.0%	**0.0%**	0.0%

1. This assumption is presented as a weighted average.

The mortality assumptions used to value the current year UK pension schemes are derived from the S3PA generational mortality tables (2021: S3PA generational mortality tables) with improvements in line with the projection model prepared by the 2021 Continuous Mortality Investigation of the UK actuarial profession (2021: 2020 model), with an S-kappa of 7.5, with 119% weighting for male non-pensioners and 113% for male pensioners (2021: 115% weighting for male non-pensioners and 111% for male pensioners) and 106% weighting for female non-pensioners and 102% weighting for female pensioners (2021: 102% weighting for all females), with a long-term underpin of 1.5% per annum (2021: 1.5% per annum). These mortality assumptions take account of experience to date and assumptions for further improvements in the life expectancy of scheme members. The Group estimates the average duration of the UK and US plans' liabilities to be 13 years (2021: 17 years) and 7 years (2021: 9 years), respectively.

The directors have considered the potential impact of the COVID-19 pandemic and climate change and, at the present time, do not believe that there is sufficient evidence to require a change in the long-term mortality assumptions. The directors will continue to monitor any potential future impact on the mortality assumptions used.

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

LIFE EXPECTANCY AT AGE 65	**2022**		2021	
	Male	**Female**	Male	Female
Member aged 65 in 2022 (2021)	**21.4**	**24.0**	21.5	24.4
Member aged 65 in 2047 (2046)	**23.1**	**25.9**	23.4	26.6

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.

For the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries. The mortality assumptions used to value US schemes are derived from the mortality table Pri-2012 (2021: Pri-2012) and MP2021 generational scale (2021: MP2020). Examples of the resulting life expectancies for the US schemes are as follows:

LIFE EXPECTANCY AT AGE 65	**2022**		2021	
	Male	**Female**	Male	Female
Member aged 65 in 2022 (2021)	**21.9**	**23.3**	21.8	23.2
Member aged 65 in 2047 (2046)	**23.6**	**25.0**	23.5	24.9

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23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Risks

The Group bears a number of risks in relation to its defined benefit pension schemes. These risks and how they are mitigated for the Group's largest defined benefit plan are described below:

Risk	Description of risk	Mitigation
Interest rate	A decrease in corporate bond yields will increase the schemes' benefit obligations under IAS 19. The schemes are therefore exposed to the risk that falls in interest rates will decrease the schemes' surplus.	As part of the investment strategy, the UK Plan aims to mitigate this risk through investment in a liability-driven investment (LDI) portfolio. LDI is a form of investing designed to match to a large extent the movement in pension plan assets with the movement in projected benefit obligations over time.
Inflation	The schemes' benefit obligations are linked to inflation. A higher rate of expected long-term inflation will therefore lead to higher liabilities, both for the IAS 19 and funding liability.	The UK Plan contains caps on increases in scheme benefits to mitigate the risk of increases in inflation. Additionally, the UK Plan invests in LDI products which increase (decrease) in value when expectations of future inflation rates increase (fall), thus providing protection against inflation risk.
Investment	Asset returns can be volatile and there is a risk that the value of pension schemes' assets may not move in line with changes in pension scheme liabilities.	To mitigate against investment risk, the UK Plan invests in a way which aims to hedge a large proportion of the movements in the corresponding liabilities and investments are diversified across and within asset classes to avoid overexposure to any one asset class or market. The trustees and the Group regularly monitor the funding position and operate a diversified investment strategy.
Life expectancy	The schemes' obligations are to provide benefits for the life of the member and therefore increases in life expectancy will lead to higher liabilities.	The UK Plan's trustees and the Group regularly monitor the impact of changes in longevity on scheme obligations.

The Plan's investment strategy has performed as expected during the market volatility that followed the UK government's mini-budget on 23 September. The trustee makes use of LDI but, given the de-risked portfolio, there is very low leverage meaning there have been no calls for additional collateral from the Plan's LDI manager and there has been no interruption to the interest rate and inflation hedge. The trustee expects the funding level to have remained fairly stable throughout this period because the fall in assets will have been matched by a similar fall in the liabilities.

Sensitivity analysis

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

Assumption	Change in assumption	Impact on scheme obligations 2022	Impact on scheme obligations 2021
UK SCHEMES			
Discount rate	Increase by 0.5%	**Decrease by £90m**	Decrease by £201m
	Decrease by 0.5%	**Increase by £95m**	Increase by £214m
Inflation	Increase by 0.5%	**Increase by £56m**	Increase by £124m
	Decrease by 0.5%	**Decrease by £54m**	Decrease by £99m
CPI Inflation	Increase by 0.5%	**Increase by £12m**	Increase by £24m
	Decrease by 0.5%	**Decrease by £12m**	Decrease by £24m
Life expectations from age 65	Increase by 1 year	**Increase by £55m**	Increase by £107m
US AND OTHER SCHEMES			
Discount rate	Increase by 0.5%	**Decrease by £9m**	Decrease by £13m
	Decrease by 0.5%	**Increase by £10m**	Increase by £14m
Inflation	Increase by 0.5%	**Increase by £3m**	Increase by £5m
	Decrease by 0.5%	**Decrease by £3m**	Decrease by £5m
Life expectations from age 65	Increase by 1 year	**Increase by £4m**	Increase by £6m

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.

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The Group's net pension surplus or deficit is the difference between the schemes' assets and liabilities. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the changes in assumptions. For example, a fall in interest rates will increase the schemes' liabilities, but may also trigger an offsetting increase in the market value of certain assets so there may be little effect on the Group's net asset or liability.

Plan assets

At 30 September 2022, the assets of the various schemes were invested in a diversified portfolio that consisted primarily of equities and debt securities. The fair value of these assets is shown by major category below:

FAIR VALUE OF PLAN ASSETS BY MAJOR CATEGORY	2022				2021			
	UK Plan £m	US[1] £m	Other £m	Total £m	UK Plan £m	US £m	Other £m	Total £m
EQUITIES								
Quoted global equities[2]	**87**	–	**28**	**115**	120	247	28	395
GOVERNMENT BONDS								
Quoted UK fixed interest[2]	**504**	–	–	**504**	763	–	–	763
Quoted UK index linked[2]	**816**	–	–	**816**	1,170	–	–	1,170
Quoted overseas	–	–	–	–	–	–	3	3
CORPORATE BONDS								
Quoted corporate bonds[2]	**250**	–	**21**	**271**	424	52	–	476
Quoted diversified securities	–	–	**16**	**16**	–	–	41	41
OTHER								
Quoted property funds	–	–	**21**	**21**	–	182	20	202
Unquoted property funds[3]	**341**	–	–	**341**	206	–	1	207
Unquoted insurance policies	–	–	**6**	**6**	–	–	6	6
Cash and cash equivalents	**21**	–	**3**	**24**	11	65	3	79
Other	–	–	**13**	**13**	–	–	11	11
At 30 September	**2,019**	–	**108**	**2,127**	2,694	546	113	3,353

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).
2. The quoted assets held by the UK Plan are held in unitised funds which are not traded on an active market.
3. The UK Plan's unquoted property fund assets comprise a UK property fund of £187m (2021: £92m) and a global property fund of £154m (2021: £114m). The UK property fund's value is based on the net asset value at 30 September 2022. The global property fund's value is based on a US dollar net asset value at 30 June 2022 converted at the exchange rate at 30 September 2022. There has been no material change in the fair value of the global property fund between 30 June and 30 September 2022.

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23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

The UK Plan has holdings of diversified global equity assets, 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 UK Plan 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 the UK government. The risk of default on these is lower compared to the risk on corporate bond investments, although some risk may remain. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value.

The trustees of the UK Plan have integrated climate change considerations into their long-term decision-making and reporting processes across all classes of assets, actively engaging with all fund and portfolio managers.

Net post-employment benefit assets and obligations recognised in the balance sheet

	2022			
POST-EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m	Total £m
UK Plan	2,019	(1,438)	–	581
Post-employment benefit assets	2,019	(1,438)	–	581
UK unfunded arrangements	–	(30)	–	(30)
US[1]	–	(660)	–	(660)
Other	108	(172)	(5)	(69)
Post-employment benefit obligations	108	(862)	(5)	(759)
Net post-employment benefit obligations				(178)

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see page 181).

	2021			
POST-EMPLOYMENT BENEFIT ASSETS/(OBLIGATIONS) RECOGNISED IN THE BALANCE SHEET	Fair value of plan assets £m	Present value of defined benefit obligations £m	Effect of asset ceiling £m	Total £m
UK Plan	2,694	(2,341)	–	353
Post-employment benefit assets	2,694	(2,341)	–	353
UK unfunded arrangements	–	(49)	–	(49)
US	546	(644)	–	(98)
Other	113	(183)	(7)	(77)
Post-employment benefit obligations	659	(876)	(7)	(224)
Net post-employment benefit assets				129

23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

MOVEMENTS IN NET DEFINED BENEFIT ASSET/(OBLIGATION)	2022 Fair value of plan assets £m	2022 Present value of defined benefit obligations £m	2022 Effect of asset ceiling £m	2022 Total £m	2021 Fair value of plan assets £m	2021 Present value of defined benefit obligations £m	2021 Effect of asset ceiling £m	2021 Total £m
At 1 October	**3,353**	**(3,217)**	**(7)**	**129**	3,419	(3,229)	–	190
Transfer to other investments[1]	**(546)**	**–**	**–**	**(546)**	–	–	–	–
Current service cost	**–**	**(21)**	**–**	**(21)**	–	(21)	–	(21)
Past service credit/(cost)	**–**	**1**	**–**	**1**	–	(2)	–	(2)
Plan settlements	**–**	**–**	**–**	**–**	–	2	–	2
Administration expenses[2]	**(4)**	**–**	**–**	**(4)**	(3)	–	–	(3)
Interest income/(expense)	**54**	**(66)**	**–**	**(12)**	51	(49)	–	2
Remeasurements – financial assumptions	**–**	**1,063**	**–**	**1,063**	–	(72)	–	(72)
Remeasurements – demographic assumptions	**–**	**28**	**–**	**28**	–	10	–	10
Remeasurements – experience adjustments	**–**	**(53)**	**–**	**(53)**	–	(4)	–	(4)
Return on plan assets, excluding interest income	**(668)**	**–**	**–**	**(668)**	(6)	–	–	(6)
Change in asset ceiling, excluding interest income	**–**	**–**	**3**	**3**	–	–	(7)	(7)
Employer contributions	**18**	**–**	**–**	**18**	30	–	–	30
Employee contributions[1]	**2**	**(50)**	**–**	**(48)**	31	(31)	–	–
Benefits paid[1]	**(96)**	**140**	**–**	**44**	(149)	149	–	–
Disposals	**–**	**2**	**–**	**2**	–	–	–	–
Currency adjustment	**14**	**(127)**	**(1)**	**(114)**	(20)	30	–	10
At 30 September	**2,127**	**(2,300)**	**(5)**	**(178)**	3,353	(3,217)	(7)	129

1. In 2022, the assets of the Rabbi Trust valued at £566m are presented as other investments rather than offset against post-employment benefit obligations (see below).
2. The expenses of running the UK Plan are met directly by the UK Plan rather than by the principal employer.

In the UK, the most material financial assumption is the discount rate, which increased significantly from 2.0% at 30 September 2021 to 5.4% at 30 September 2022, which resulted in an actuarial gain of £929m on the post-employment benefit obligations.

The assets of the Rabbi Trust are exactly matched by its liabilities and, therefore, the investments have historically been offset against the post-employment benefit obligations to reflect the economics of the arrangement. However, they are presented as other investments at 30 September 2022 on the basis that they are not plan assets as defined by IAS 19 (see note 14). Dividends received from the investments of £20m are included in other financing items (see note 4). Interest expense on the post-employment benefit obligations is included in interest on net post-employment benefit obligations totalling £12m in other financing items (see note 4). Prior year comparative information has not been restated on the basis that, with no impact on operating profit, net assets or cash flows, the change in presentation is not considered to be material to the financial statements.

Certain Group companies have taken out life insurance policies and invested in mutual funds to meet unfunded pension obligations. The current value of these policies and other assets of £85m (2021: £72m) may not be offset against post-employment benefit obligations under IAS 19 (see note 14).

Net post-employment benefit assets, including the Rabbi Trust investments, life insurance policies and mutual fund investments, is shown below:

	2022 £m	2021 £m
Net post-employment benefit (obligations)/assets	**(178)**	129
Rabbi Trust investments (see note 14)	**566**	–
Mutual fund investments (see note 14)	**52**	38
Life insurance policies (see note 14)	**33**	34
Net post-employment benefit assets	**473**	201

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23 POST-EMPLOYMENT BENEFIT OBLIGATIONS CONTINUED

Amounts recognised in the income statement

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	2022 UK £m	2022 US £m	2022 Other £m	2022 Total £m	2021 UK £m	2021 US £m	2021 Other £m	2021 Total £m
Current service cost	1	13	7	21	1	11	9	21
Past service (credit)/cost[1]	–	–	(1)	(1)	2	–	–	2
Plan settlements	–	–	–	–	–	–	(2)	(2)
Administration expenses	4	–	–	4	3	–	–	3
Charged to operating expenses	5	13	6	24	6	11	7	24
Interest on net post-employment benefit assets/obligations	(6)	15	3	12	(6)	2	2	(2)
(Credited)/charged to finance costs	(6)	15	3	12	(6)	2	2	(2)
Total	(1)	28	9	36	–	13	9	22

1. As a result of the High Court ruling on Guaranteed Minimum Pension (GMP) equalisation, the Group recognised a £2m past service cost in the prior year.

The Group recognised a charge of £175m (2021: £124m) in respect of contributions to defined contribution schemes during the year.

Amounts recognised in other comprehensive income

AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2022 £m	2021 £m
Effect of changes in financial assumptions	1,063	(72)
Effect of changes in demographic assumptions	28	10
Effect of experience adjustments	(53)	(4)
Remeasurement of post-employment benefit obligations	1,038	(66)
Return on plan assets, excluding interest income	(668)	(6)
Change in asset ceiling, excluding interest income	3	(7)
Total	373	(79)

Contributions

The Group made total contributions to defined benefit schemes of £31m (including the Rabbi Trust) in the year (2021: £30m) and expects to make a similar level of contributions to these schemes in 2023.

The UK Plan is the largest scheme in the Group and was in surplus on a funding basis at the date of the most recent actuarial valuation as at 5 April 2022 and no deficit contributions are currently required. The remaining Group-funded schemes do not have significant minimum funding requirements whilst contributions to unfunded pension schemes are quite stable. As a result, we do not expect the required future contributions to change substantially beyond next year.

24 SHARE CAPITAL AND OTHER RESERVES

Capital

The Group targets a strong investment-grade credit rating and manages its capital structure to ensure that it will be able to continue as a going concern. The capital structure of the Group consists of net debt (see note 33) and total equity.

Share capital

SHARE CAPITAL	2022 Number	2022 £m	2021 Number	2021 £m
Allotted, called up and fully paid:				
Ordinary shares of 11 1⁄20p each	**1,785,403,977**	**198**	1,785,403,977	198
At 30 September	**1,785,403,977**	**198**	1,785,403,977	198

Treasury shares

During the year, 24,151,566 shares in Compass Group PLC were purchased under the share buyback programme announced in May 2022, which are held in treasury, and 320,851 treasury shares were released to satisfy employee share-based payment commitments (2021: 163,563), leaving a balance held at 30 September 2022 of 25,202,499 (2021: 1,371,784).

Share buyback

Consistent with its capital allocation framework, in May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, which represents an average price of £18.20 per share. The total shares purchased to 30 September 2022 represent 1.4% of the Company's share capital (including treasury shares). The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m, which represents an average price of £18.21 per share. The total shares purchased under the programme represent 1.5% of the Company's share capital (including treasury shares).

Other reserves

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2021	**271**	**4,170**	**7**	**(392)**	**(87)**	**3,969**
Other comprehensive income						
Currency translation differences	–	–	–	**591**	–	**591**
Reclassification of cumulative currency translation differences on sale of businesses	–	–	–	**7**	–	**7**
Total other comprehensive income for the year	–	–	–	**598**	–	**598**
Fair value of share-based payments	**34**	–	–	–	–	**34**
Change in fair value of non-controlling interest put options	–	–	–	–	**(2)**	**(2)**
Changes to non-controlling interests due to acquisitions and disposals	–	–	–	–	**(7)**	**(7)**
Reclassification of non-controlling interest put option reserve on exercise of put options	–	–	–	–	**5**	**5**
Release of share awards settled in existing shares purchased in the market	**(4)**	–	–	–	–	**(4)**
Transfer[2]	**(301)**	–	–	–	–	**(301)**
At 30 September 2022	–	**4,170**	**7**	**206**	**(91)**	**4,292**

1. Includes a loss of £774m in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.
2. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
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24 SHARE CAPITAL AND OTHER RESERVES CONTINUED

OTHER RESERVES	Share-based payment reserve £m	Merger reserve £m	Revaluation reserve £m	Translation reserve[1] £m	Non-controlling interest put options reserve £m	Total other reserves £m
At 1 October 2020	254	4,170	7	(215)	(71)	4,145
Other comprehensive income						
Currency translation differences	–	–	–	(154)	–	(154)
Reclassification of cumulative currency translation differences on sale of businesses	–	–	–	(24)	–	(24)
Tax credit on items relating to the components of other comprehensive income	–	–	–	1	–	1
Total other comprehensive loss for the year	–	–	–	(177)	–	(177)
Fair value of share-based payments	20	–	–	–	–	20
Change in fair value of non-controlling interest put options	–	–	–	–	(16)	(16)
Release of share awards settled in existing shares purchased in the market	(3)	–	–	–	–	(3)
At 30 September 2021	271	4,170	7	(392)	(87)	3,969

1. Includes a loss of £584m in relation to the balance remaining in the foreign currency translation reserve from net investment hedging relationships for which hedge accounting continues to apply.

Merger reserve

The merger reserve arose in 2000 as a result of the merger between Compass and Granada.

Revaluation reserve

Fair value reserve arising on the acquisition of the remaining 50% interest in GR SA during 2008. The portion of the fair value adjustment pertaining to the Group's existing 50% shareholding in GR SA was credited to the revaluation reserve in accordance with IFRS 3 Business Combinations.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

25 SHARE-BASED PAYMENTS

Income statement expense

The Group recognised a charge of £34m (2021: £20m) in respect of share-based payment transactions. All share-based payment plans are equity-settled.

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

	2022 £m	2021 £m
Long-term incentive plans	**27**	12
Restricted shares	**7**	8
	34	20

Long-term incentive plans

Full details of The Compass Group PLC Long Term Incentive Plan 2018 (2018 LTIP) can be found in the Directors' Remuneration Report on pages 86 to 113.

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

LONG-TERM INCENTIVE PLANS	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	**6,353,294**	5,688,141
Awarded	**3,328,253**	2,916,650
Notional Dividend Shares[1]	**80,631**	–
Vested	**(29,082)**	–
Lapsed	**(2,185,239)**	(2,251,497)
Outstanding at 30 September	**7,547,857**	6,353,294

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

The vesting conditions of the LTIP awards are included in the Directors' Remuneration Report.

The fair value of awards subject to Adjusted Free Cash Flow (AFCF) and Return On Capital Employed (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 AFCF and ROCE forecasts.

For the year ended 30 September 2022, Executive Committee LTIP awards were made on 1 December 2021, 4 February 2022 and 8 February 2022 for which the estimated fair values were 1,140.86p, 1,281.42p and 1,149.04p, respectively. Leadership LTIP awards were also made on 1 December 2021, 15 December 2021 and 18 May 2022 for which the estimated fair values were 1,204.37p, 1,438.55p and 1,761.58p, respectively.

For the year ended 30 September 2021, an Executive Committee LTIP award was made on 1 December 2020 for which the estimated fair value was 986.18p. Leadership LTIP awards were also made on 1 December 2020, 18 May 2021 and 17 June 2021 for which the estimated fair values were 1,041.43p, 1,398.33p and 1,547.21p, respectively.

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

ASSUMPTIONS – LONG-TERM INCENTIVE PLANS	2022	2021
Expected volatility	**39.3%**	37.5%
Risk-free interest rate	**1.0%**	0.4%
Dividend yield[1]	**–**	2.2%
Expected life	**2.9 years**	3.0 years
Weighted average share price at date of grant	**1,534.85p**	1,381.15p

1. In March 2022, it was announced that eligible awards granted under the 2018 LTIP will accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation has been set to zero. The fair value of awards granted in 2021 has been recalculated to reflect this modification and the incremental fair value is being recognised over the period from the date of the modification to the vesting date.

The weighted average share price at the date of vesting for the 29,082 shares that vested in the financial year was 1,455p.

The LTIP awards outstanding at the end of the year have a weighted average remaining contractual life of 1.4 years (2021: 1.3 years).

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For the year ended 30 September 2022

25 SHARE-BASED PAYMENTS CONTINUED

Restricted shares

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

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

RESTRICTED SHARES	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	**939,488**	820,868
Awarded	**581,246**	385,971
Notional Dividend Shares[1]	**11,234**	–
Vested, released and exercised	**(397,632)**	(188,152)
Lapsed	**(51,111)**	(79,199)
Outstanding at 30 September	**1,083,225**	939,488

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

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

ASSUMPTIONS – RESTRICTED SHARES	2022	2021
Expected volatility	**39.4%**	38.2%
Risk-free interest rate	**1.1%**	0.6%
Dividend yield[1]	–	2.2%
Expected life	**2.1 years**	2.0 years
Weighted average share price at date of grant	**1,554.40p**	1,459.02p

1. In March 2022, it was announced that eligible awards granted under the Restricted Share Award Plan will accrue dividends in the form of Notional Dividend Shares. Accordingly, the dividend yield in the fair value calculation has been set to zero. The fair value of awards granted in 2021 has been recalculated to reflect this modification and the incremental fair value is being recognised over the period from the date of the modification to the vesting date.

The weighted average share price at the date of release for restricted share awards released during 2022 was 1,573.85p (2021: 1,467.28p).

Other share-based payment plans

The following table shows the movements in other share-based payment plans during the year:

OTHER SHARE-BASED PAYMENT PLANS	2022 Number of shares	2021 Number of shares
Outstanding at 1 October	**518,151**	832,451
Vested and exercised	**(174,508)**	(179,572)
Lapsed (following net settlement)	**(104,740)**	(77,223)
Lapsed	**(36,481)**	(57,505)
Outstanding at 30 September	**202,422**	518,151

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

Share options

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

Deferred annual bonus plan (DAB)

Certain senior executives participate in the DAB. A portion of the annual bonus awarded to certain executives is converted into shares. Subject to the achievement of local organic revenue growth and cumulative profit before interest and tax over the three-year deferral period, the number of deferred shares may be increased. Enhancements to the deferred shares are only released to the participants subject to the performance levels being met. The last award under this plan was made in November 2018.

26 ACQUISITION, SALE AND CLOSURE OF BUSINESSES

Acquisition of businesses

The total cash spent on the acquisition of subsidiaries during the year, net of cash acquired, was £273m (2021: £167m), including £70m of deferred and contingent consideration and other payments relating to businesses acquired in previous years and £10m of acquisition transaction costs included in net cash flow from operating activities.

There were no individually material acquisitions during the current year. A summary of business acquisitions completed during the year is presented in aggregate below:

	2022		2021	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
NET ASSETS ACQUIRED				
Goodwill	–	**122**	–	17
Other intangible assets	**17**	**140**	–	15
Right-of-use assets	**7**	**7**	–	–
Property, plant and equipment	**7**	**7**	2	2
Trade and other receivables	**36**	**36**	2	2
Inventories	**6**	**6**	1	1
Cash and cash equivalents	–	–	1	1
Lease liabilities	**(7)**	**(7)**	–	–
Provisions	**(2)**	**(2)**	–	–
Trade and other payables	**(36)**	**(36)**	(3)	(3)
Deferred tax liabilities	**(6)**	**(6)**	–	–
Fair value of net assets acquired (before non-controlling interests)		**267**		35
Non-controlling interests acquired		**(8)**		(5)
Fair value of net assets acquired		**259**		30
SATISFIED BY				
Cash consideration paid		**193**		24
Deferred and contingent consideration payable		**66**		6
Total consideration		**259**		30
CASH FLOW				
Cash consideration		**193**		24
Less: Cash acquired		–		(1)
Acquisition transaction costs[1]		**10**		10
Net cash outflow arising on acquisition		**203**		33
Deferred and contingent consideration and other payments relating to businesses acquired in previous years[2]		**70**		134
Total cash outflow from purchase of subsidiary companies		**273**		167
CONSOLIDATED CASH FLOW STATEMENT				
Net cash flow from operating activities[1]		**10**		10
Net cash flow from investing activities		**263**		157
Total cash outflow from purchase of subsidiary companies		**273**		167

1. Acquisition transaction costs are included in net cash flow from operating activities.
2. 2022 includes contingent consideration paid in respect of the acquisition of Fazer Food Services in January 2020.

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For the year ended 30 September 2022

26 ACQUISITION, SALE AND CLOSURE OF BUSINESSES CONTINUED

Contingent consideration is an estimate at the date of acquisition of the amount of additional consideration that will be payable in the future. The actual amount paid can vary from the estimate depending on the terms of the transaction and, for example, the actual performance of the acquired business.

The fair value adjustments made in respect of acquisitions in the year to 30 September 2022 are provisional and will be finalised within 12 months of the acquisition date, principally in relation to the valuation of contracts acquired.

The goodwill arising on the acquisition of the businesses represents the premium the Group has paid to acquire companies which complement the existing business and create significant opportunities for cross-selling and other synergies. The goodwill arising is not expected to be deductible for tax purposes.

The acquisitions did not have a material impact on the Group's revenue or profit for the year.

Sale and closure of businesses

The Group has recognised a net loss of £7m on the sale and closure of businesses (2021: net gain of £10m), including exit costs of £7m (2021: £nil). Activity in the year included the sale of a 17% shareholding in Highway Royal Co., Limited (Japanese Highways) and the Group's exit from its operations in Russia.

A summary of business disposals completed during the year is presented in aggregate below:

	2022 £m	2021 £m
NET ASSETS DISPOSED		
Goodwill	5	1
Other intangible assets	1	–
Right-of-use assets	–	14
Property, plant and equipment	1	29
Deferred tax assets	1	1
Trade and other receivables	2	19
Inventories	–	25
Cash and cash equivalents	1	–
Assets held for sale	16	–
Lease liabilities	(1)	(16)
Provisions	(2)	(7)
Trade and other payables	(5)	(14)
Post-employment benefit liabilities	(2)	–
Net assets disposed	**17**	52
CONSOLIDATED INCOME STATEMENT		
Cash consideration	24	32
Deferred consideration	–	4
Less: Net assets disposed	(17)	(52)
Less: Exit costs	(7)	–
Add: Fair value adjustment on classification as other investments	–	2
(Less)/add: Reclassification of cumulative currency translation differences on sale of businesses	(7)	24
Net (loss)/gain on sale and closure of businesses	**(7)**	10
CONSOLIDATED CASH FLOW STATEMENT		
Cash consideration	24	32
Exit costs	(3)	–
Cash and cash equivalents disposed	(1)	–
Tax receipts/(payments) in respect of prior year business disposals	15	(43)
Net proceeds/(payments) from sale of subsidiary companies, joint ventures and associates net of exit costs	**35**	(11)

Assets held for sale

The Group's balance sheet includes interests in joint ventures and associates held for sale of £26m (2021: £17m) which represent a further 28% shareholding in Japanese Highways which it has agreed to sell. The non-recurring fair value measurement of the business held for sale is categorised as a Level 3 fair value and is based on the agreed sale price.

27 RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS	2022 £m	2021 £m
Operating profit before joint ventures and associates	**1,455**	514
Adjustments for:		
Acquisition-related costs[1]	**82**	96
COVID-19 resizing (credit)/costs	**(4)**	157
One-off pension charge	–	2
Amortisation – other intangible assets	**100**	79
Amortisation – contract fulfilment assets	**214**	200
Amortisation – contract prepayments	**40**	28
Depreciation – right-of-use assets	**156**	156
Depreciation – property, plant and equipment	**260**	250
Unwind of costs to obtain contracts	**18**	16
Impairment losses – other intangible assets[2]	**3**	8
Impairment losses – contract fulfilment assets[2]	**3**	11
Impairment losses – right-of-use assets[2]	**4**	5
Impairment losses – property, plant and equipment[2]	**5**	10
Impairment reversals – right-of-use assets	**(3)**	–
Impairment reversals – property, plant and equipment	**(1)**	(4)
Loss on disposal of property, plant and equipment/intangible assets/contract fulfilment assets	–	35
Other non-cash changes	**(4)**	(4)
Decrease in provisions	**(77)**	(182)
Investment in contract prepayments	**(64)**	(40)
Increase in costs to obtain contracts[3]	**(31)**	(22)
Post-employment benefit obligations net of service costs	**(7)**	(8)
Share-based payments – charged to profit	**34**	20
Operating cash flow before movements in working capital	**2,183**	1,327
Increase in inventories	**(122)**	(50)
Increase in receivables	**(876)**	(497)
Increase in payables	**839**	712
Cash generated from operations	**2,024**	1,492

1. The adjustment for acquisition-related costs excludes acquisition transaction costs of £10m (2021: £10m) as acquisition transaction costs are included in cash flows from operating activities.
2. 2021 impairment losses on contract-related non-current assets (£32m) and other assets (£2m) re-presented by asset category.
3. Cash payments in respect of contract balances are classified as cash flows from operating activities, with the exception of contract fulfilment assets which are classified as cash flows from investing activities as they arise out of cash payments in relation to assets that will generate long-term economic benefits. During the year, the purchase of contract fulfilment assets in cash flows from investing activities is £218m (2021: £231m).

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28 MOVEMENTS IN ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022	1 October 2021 £m	Cash outflow/(inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation losses £m	30 September 2022 £m
Borrowings (excluding bank overdrafts)	**(3,451)**	**(380)**	**318**	**–**	**(200)**	**(3,713)**
Lease liabilities	**(845)**	**152**	**3**	**(139)**	**(84)**	**(913)**
Derivative financial instruments	**102**	**67**	**(251)**	**–**	**(14)**	**(96)**
Net movement in assets and liabilities arising from financing activities		**(161)**				
Purchase of own shares – share buyback programme		**425**				
Purchase of own shares – employee share-based payments		**6**				
Purchase of non-controlling interests		**2**				
Dividends paid to equity shareholders		**418**				
Dividends paid to non-controlling interests		**3**				
Net cash flow from financing activities		**693**				

MOVEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021	1 October 2020 £m	Cash outflow/(inflow) £m	Other non-cash movements £m	New lease liabilities and amendments £m	Currency translation gains/(losses) £m	30 September 2021 £m
Borrowings (excluding bank overdrafts)	(3,682)	7	88	–	136	(3,451)
Lease liabilities	(942)	153	20	(103)	27	(845)
Derivative financial instruments	231	(11)	(63)	–	(55)	102
Net movement in assets and liabilities arising from financing activities		149				
Purchase of own shares – employee share-based payments		3				
Net cash flow from financing activities		152				

Non-cash movements are comprised as follows:

OTHER NON-CASH MOVEMENTS	2022 £m	2021 £m
Amortisation of fees and discounts on issue of debt	**(3)**	(4)
Fees and discounts accrued on issue of debt	**1**	–
Changes in fair value of borrowings in a fair value hedge	**320**	92
Borrowings	**318**	88
Lease liabilities acquired through business acquisitions	**(7)**	–
Lease liabilities derecognised on sale and closure of businesses	**1**	16
COVID-19 rent concessions	**2**	4
Reclassification	**7**	–
Lease liabilities	**3**	20
Changes in fair value of derivative financial instruments	**(251)**	(63)
Total	**70**	45

29 CONTINGENT LIABILITIES

Performance bonds, guarantees and indemnities

PERFORMANCE BONDS, GUARANTEES AND INDEMNITIES	2022 £m	2021 £m
Performance bonds, guarantees and indemnities (including those of associated undertakings)[1]	**402**	366

1. Excludes post-employment obligations, borrowings and lease liabilities.

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter indemnities in respect of such guarantees relating to the Group's own contracts and/or the Group's share of certain contractual obligations of joint arrangements and associates. Where the Group enters into such arrangements, it does so in order to provide assurance to the beneficiary that it will fulfil its existing contractual obligations. The issue of such guarantees and indemnities does not therefore increase the Group's overall exposure and the disclosure of such performance bonds, guarantees and indemnities is given for information purposes only.

29 CONTINGENT LIABILITIES CONTINUED

Litigation and claims

The Group is involved in various legal proceedings incidental to the nature of its business and maintains insurance cover to reduce financial risk associated with claims related to these proceedings. Where appropriate, provisions are made to cover any potential uninsured losses.

Although it is not possible to predict the outcome or quantify the financial effect of these proceedings, or any claim against the Group related thereto, in the opinion of the directors, any uninsured losses resulting from the ultimate resolution of these matters will not have a material effect on the financial position of the Group. The timing of the settlement of these proceedings or claims is uncertain.

The increasingly complex international corporate tax environment and an increase in audit activity from tax authorities means that the potential for tax uncertainties has increased. The Group is currently subject to a number of reviews and audits in jurisdictions around the world that primarily relate to complex corporate tax issues. None of these audits are currently expected to have a material impact on the Group's financial position.

We continue to engage with tax authorities and other regulatory bodies on payroll and sales tax reviews, and compliance with labour laws and regulations. The federal tax authorities in Brazil have issued a number of notices of deficiency relating primarily to the PIS/COFINS treatment of certain food costs and the corporate income tax treatment of goodwill deductions which we have formally objected to and which are now proceeding through the appeals process. At 30 September 2022, the total amount assessed in respect of these matters is £68m. The possibility of further assessments cannot be ruled out and the judicial process is likely to take a number of years to conclude. Based on the opinion of our local legal advisors, we do not currently consider it likely that we will have to settle a liability with respect to these matters and, on this basis, no provision has been recorded. We therefore do not currently expect any of these issues to have a material impact on the Group's financial position.

30 CAPITAL COMMITMENTS

CAPITAL COMMITMENTS	2022 £m	2021 £m
Contracted for but not provided for	639	521

The majority of capital commitments are for intangible assets.

31 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties of Compass Group PLC:

Subsidiaries

Transactions between the ultimate parent company and its subsidiaries, and between subsidiaries, have been eliminated on consolidation.

Joint ventures

There were no significant transactions between joint ventures or joint venture partners and the rest of the Group during the year.

Associates

There were no significant transactions with associated undertakings during the year.

Key management personnel

The remuneration of directors and key management personnel is set out in note 3. During the year, there were no other material transactions or balances between the Group and its key management personnel or members of their close families.

Post-employment benefit schemes

Details of the Group's post-employment benefit schemes are set out in note 23.

32 POST-BALANCE SHEET EVENTS

On 3 October 2022, the Group sold four businesses in Central and Eastern Europe, Czech Republic, Hungary, Slovakia and Romania, for consideration of £62m. The aggregate net assets of the businesses sold were not material to the consolidated financial statements at 30 September 2022.

On 21 November 2022, a final dividend in respect of 2022 of 22.1p per share, £389m in aggregate, was declared.

In the period from 1 October to 11 November 2022, 3,447,549 shares were repurchased for a total price, including transaction costs, of £63m under the share buyback programme announced in May 2022. In November 2022, we announced a further share buyback of up to £250m, to take place during the first half of the 2023 financial year, taking the total buyback to £750m.

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33 NON-GAAP MEASURES

Introduction

The Executive Committee manages and assesses the performance of the Group using various underlying and other Alternative Performance Measures (APMs). These measures are not recognised under International Financial Reporting Standards (IFRS) or other generally accepted accounting principles (GAAP) and may not be directly comparable with APMs used by other companies. Underlying measures reflect ongoing trading and, therefore, facilitate meaningful year-on-year comparison. Management believes that the Group's underlying and alternative performance measures, together with the results prepared in accordance with IFRS, provide comprehensive analysis of the Group's results. Certain of these measures are financial Key Performance Indicators (KPIs) which measure progress against our strategy.

In determining the adjustments to arrive at underlying results, we use a set of established principles relating to the nature and materiality of individual items or groups of items, including, for example, events which: (i) are outside the normal course of business; (ii) are incurred in a pattern that is unrelated to the trends in the underlying financial performance of our ongoing business: or (iii) are related to business acquisitions or disposals as they are not part of the Group's ongoing trading business and the associated cost impact arises from the transaction rather than from the continuing business.

Definitions

Measure	Definition	Purpose
INCOME STATEMENT		
Underlying revenue	Revenue plus share of revenue of joint ventures.	Allows management to monitor the sales performance of the Group's subsidiaries and joint ventures.
Underlying operating profit	Operating profit excluding specific adjusting items[2].	Provides a measure of operating profitability that is comparable over time.
Underlying operating margin[1]	Underlying operating profit divided by underlying revenue.	An important measure of the efficiency of our operations in delivering great food and support services to our clients and consumers.
Organic revenue[1]	Current year: Underlying revenue excluding businesses acquired, sold and closed in the year. Prior year: Underlying revenue including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Embodies our success in growing and retaining our customer base, as well as our ability to drive volumes in our existing business and maintain appropriate pricing levels in light of input cost inflation.
Organic operating profit	Current year: Underlying operating profit excluding businesses acquired, sold and closed in the year. Prior year: Underlying operating profit including a proforma 12 months in respect of businesses acquired in the year and excluding businesses sold and closed in the year translated at current year exchange rates. Where applicable, a 53rd week is excluded from the current or prior year.	Provides a measure of operating profitability that is comparable over time.
Underlying finance costs	Finance costs excluding specific adjusting items[2].	Provides a measure of the Group's cost of financing excluding items outside of the control of management.
Underlying profit before tax	Profit before tax excluding specific adjusting items[2].	Provides a measure of Group profitability that is comparable over time.

1. Key Performance Indicator.
2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.

33 NON-GAAP MEASURES CONTINUED

Definitions continued

Measure	Definition	Purpose
INCOME STATEMENT (CONTINUED)		
Underlying income tax expense	Income tax expense excluding tax attributable to specific adjusting items[2].	Provides a measure of income tax expense that is comparable over time.
Underlying effective tax rate	Underlying income tax expense divided by underlying profit before tax.	Provides a measure of the effective tax rate that is comparable over time.
Underlying profit for the year	Profit for the year excluding specific adjusting items[2] and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
Underlying profit attributable to equity shareholders (underlying earnings)	Profit for the year attributable to equity shareholders excluding specific adjusting items[2] and tax attributable to those items.	Provides a measure of Group profitability that is comparable over time.
Underlying earnings per share[1]	Earnings per share excluding specific adjusting items[2] and tax attributable to those items.	Measures the performance of the Group in delivering value to shareholders.
Net operating profit after tax (NOPAT)	Underlying operating profit excluding the operating profit of non-controlling interests, net of tax at the underlying effective tax rate.	Provides a measure of Group operating profitability that is comparable over time.
Underlying EBITDA	Underlying operating profit excluding underlying impairment, depreciation and amortisation of intangible assets, tangible assets and contract-related assets.	Provides a measure of Group operating profitability that is comparable over time.
BALANCE SHEET		
Net debt	Bank overdrafts, bank and other borrowings, lease liabilities and derivative financial instruments, less cash and cash equivalents.	Allows management to monitor the indebtedness of the Group.
Net debt to EBITDA	Net debt divided by underlying EBITDA.	Provides a measure of the Group's ability to finance and repay its debt from its operations.
Capital employed	Total equity shareholders' funds, excluding: net debt; post-employment benefit assets and obligations; and investments held to meet the cost of unfunded post-employment benefit obligations.	Provides a measure of the Group's efficiency in allocating its capital to profitable investments.
Return on Capital Employed (ROCE)[1]	NOPAT divided by 12-month average capital employed.	ROCE demonstrates how we have delivered against the various investments we make in the business, be it operational expenditure, capital expenditure or bolt-on acquisitions.
CASH FLOW		
Capital expenditure	Purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment and investment in contract prepayments, less proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets.	Provides a measure of expenditure on long-term intangible, tangible and contract-related assets, net of the proceeds from disposal of intangible, tangible and contract-related assets.
Underlying operating cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, repayment of principal under lease liabilities and share of results of joint ventures and associates, and excluding interest and net tax paid, post-employment benefit obligations net of service costs, cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.

1. Key Performance Indicator.
2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

33 NON-GAAP MEASURES CONTINUED

Definitions continued

Measure	Definition	Purpose
CASH FLOW (CONTINUED)		
Underlying operating cash flow conversion	Underlying operating cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Free cash flow	Net cash flow from operating activities, including purchase of intangible assets, purchase of contract fulfilment assets, purchase of property, plant and equipment, proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets, purchase of other investments, proceeds from sale of other investments, dividends received from joint ventures and associates, interest received, repayment of principal under lease liabilities and dividends paid to non-controlling interests.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying free cash flow[1]	Free cash flow excluding cash payments related to cost action programme and COVID-19 resizing costs and acquisition transaction costs.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying free cash flow conversion	Underlying free cash flow divided by underlying operating profit.	Provides a measure of the success of the Group in turning profit into cash that is comparable over time.
Underlying cash tax rate	Net tax paid included in net cash flow from operating activities divided by underlying profit before tax.	Provides a measure of the cash tax rate that is comparable over time.
BUSINESS GROWTH		
New business	Current year underlying revenue for the period in which no revenue had been recognised in the prior year.	The measure of incremental revenue in the current year from new business.
Lost business	Prior year underlying revenue for the period in which no revenue has been recognised in the current year.	The measure of lost revenue in the current year from ceased business.
Net new business[3]	New business minus lost business as a percentage of prior year organic revenue.	The measure of net incremental revenue in the current year from business wins and losses.
Retention	100% minus lost business as a percentage of prior year organic revenue.	The measure of our success in retaining business.

1. Key Performance Indicator.
2. Specific adjusting items are acquisition-related costs, COVID-19 resizing costs, one-off pension charge, tax on share of profit of joint ventures, gains and losses on sale and closure of businesses and other financing items.
3. Net new business rebased to 2019 is calculated as new business minus lost business as a percentage of 2019 underlying revenue calculated on a constant-currency basis.

33 NON-GAAP MEASURES CONTINUED

Reconciliations

Income statement

Underlying revenue and operating profit are reconciled to GAAP measures in note 1 (segmental analysis).

ORGANIC REVENUE	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2022					
Underlying revenue	**17,139**	**5,935**	**2,697**	–	**25,771**
Organic adjustments	**(74)**	**(51)**	**(47)**	–	**(172)**
Organic revenue	**17,065**	**5,884**	**2,650**	–	**25,599**
YEAR ENDED 30 SEPTEMBER 2021					
Underlying revenue	11,170	4,641	2,325	–	18,136
Currency adjustments	753	(156)	12	–	609
Underlying revenue – constant currency	11,923	4,485	2,337	–	18,745
Organic adjustments	(79)	(21)	(28)	–	(128)
Organic revenue	11,844	4,464	2,309	–	18,617
Increase in underlying revenue at reported rates – %	**53.4%**	**27.9%**	**16.0%**		**42.1%**
Increase in underlying revenue at constant currency – %	**43.7%**	**32.3%**	**15.4%**		**37.5%**
Increase in organic revenue – %	**44.1%**	**31.8%**	**14.8%**		**37.5%**

ORGANIC OPERATING PROFIT	Geographical segments North America £m	Europe £m	Rest of World £m	Central activities £m	Total £m
YEAR ENDED 30 SEPTEMBER 2022					
Underlying operating profit/(loss)	**1,236**	**299**	**141**	**(86)**	**1,590**
Underlying operating margin – %	**7.2%**	**5.0%**	**5.2%**		**6.2%**
Organic adjustments	**1**	**(2)**	**(4)**	–	**(5)**
Organic operating profit/(loss)	**1,237**	**297**	**137**	**(86)**	**1,585**
YEAR ENDED 30 SEPTEMBER 2021					
Underlying operating profit/(loss)	607	147	130	(73)	811
Underlying operating margin – %	5.4%	3.2%	5.6%		4.5%
Currency adjustments	40	(6)	3	–	37
Underlying operating profit/(loss) – constant currency	647	141	133	(73)	848
Organic adjustments	(3)	(1)	(3)	–	(7)
Organic operating profit/(loss)	644	140	130	(73)	841
Increase in underlying operating profit at reported rates – %	**103.6%**	**103.4%**	**8.5%**		**96.1%**
Increase in underlying operating profit at constant currency – %	**91.0%**	**112.1%**	**6.0%**		**87.5%**
Increase in organic operating profit – %	**92.1%**	**112.1%**	**5.4%**		**88.5%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

33 NON-GAAP MEASURES CONTINUED

Reconciliations continued

UNDERLYING INCOME STATEMENT	Notes	2022 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2022 Underlying £m
Operating profit	1	**1,500**	**92**	**(4)**	–	**2**	–	–	**1,590**
Net loss on sale and closure of businesses		**(7)**	–	–	–	–	**7**	–	–
Finance costs	4	**(24)**	–	–	–	–	–	**(76)**	**(100)**
Profit before tax		**1,469**	**92**	**(4)**	–	**2**	**7**	**(76)**	**1,490**
Income tax expense	5	**(352)**	**(25)**	**(1)**	–	**(2)**	**(3)**	**18**	**(365)**
Profit for the year		**1,117**	**67**	**(5)**	–	–	**4**	**(58)**	**1,125**
Less: Non-controlling interests		**(4)**	–	–	–	–	–	–	**(4)**
Profit attributable to equity shareholders		**1,113**	**67**	**(5)**	–	–	**4**	**(58)**	**1,121**
Earnings per share (p)		**62.6p**	**3.8p**	**(0.3)p**	–	–	**0.2p**	**(3.3)p**	**63.0p**
Effective tax rate (%)		**24.0%**							**24.5%**

UNDERLYING INCOME STATEMENT	Notes	2021 Statutory £m	Specific adjusting items 1	2	3	4	5	6	2021 Underlying £m
Operating profit	1	545	106	157	2	1	–	–	811
Net gain on sale and closure of businesses		10	–	–	–	–	(10)	–	–
Finance costs	4	(91)	–	–	–	–	–	(22)	(113)
Profit before tax		464	106	157	2	1	(10)	(22)	698
Income tax expense	5	(107)	(21)	(41)	–	(1)	(5)	4	(171)
Profit for the year		357	85	116	2	–	(15)	(18)	527
Less: Non-controlling interests		–	–	–	–	–	–	–	–
Profit attributable to equity shareholders		357	85	116	2	–	(15)	(18)	527
Earnings per share (p)		20.0p	4.7p	6.5p	0.1p	–	(0.8)p	(1.0)p	29.5p[1]
Effective tax rate (%)		23.1%							24.5%

1. 30.9p on a constant-currency basis.

Specific adjusting items are as follows:

1. Acquisition-related costs
Represent charges in respect of intangible assets acquired through business combinations, direct costs incurred as part of a business combination or other strategic asset acquisitions, business integration costs and changes in consideration in relation to past acquisition activity (see note 2).

2. COVID-19 resizing costs
Prior year charges related to cost actions taken to adjust our business to the trading environment in light of the COVID-19 pandemic (see note 2).

3. One-off pension charge
The £2m prior year pension charge in relation to GMP equalisation was classified as a specific adjusting item consistent with the classification of the £12m charge recognised in 2019 following the original High Court hearing (see note 23).

4. Tax on share of profit of joint ventures
Reclassification of tax on share of profit of joint ventures to income tax expense.

5. Gains and losses on sale and closure of businesses
Profits and losses on the sale of subsidiaries, joint ventures, associates and other financial assets, and exit costs on closure of businesses (see note 26).

6. Other financing items
Financing items, including hedge accounting ineffectiveness, change in the fair value of derivatives held for economic hedging purposes, change in the fair value of investments, dividends received from Rabbi Trust investments and interest on net post-employment benefit assets or obligations (see note 4).

33 NON-GAAP MEASURES CONTINUED

Reconciliations continued

NET OPERATING PROFIT AFTER TAX (NOPAT)	2022 £m	2021 £m
Underlying operating profit	**1,590**	811
Less: Tax on underlying operating profit at effective tax rate	**(390)**	(199)
Less: Operating profit of non-controlling interests net of tax	**(4)**	–
NOPAT	**1,196**	612

UNDERLYING EBITDA	2022 £m	2021 £m
Underlying operating profit	**1,590**	811
Add back/(deduct):		
Depreciation of property, plant and equipment and right-of-use assets	**416**	406
Amortisation of intangible assets, contract fulfilment assets and contract prepayments (excluding amortisation of intangibles arising on acquisition)	**354**	307
Impairment losses – contract-related non-current assets	**15**	32
Impairment losses – other	**–**	2
Impairment reversals – contract-related non-current assets	**(4)**	(4)
Underlying EBITDA	**2,371**	1,554

Balance sheet

COMPONENTS OF NET DEBT	2022 £m	2021 £m
Borrowings	**(3,964)**	(3,635)
Lease liabilities	**(913)**	(845)
Derivative financial instruments	**(96)**	102
Gross debt	**(4,973)**	(4,378)
Cash and cash equivalents	**1,983**	1,840
Net debt	**(2,990)**	(2,538)

NET DEBT RECONCILIATION	2022 £m	2021[1] £m
Net increase in cash and cash equivalents	**29**	292
Deduct: Increase in borrowings	**(677)**	–
Add back: Repayment of borrowings	**297**	7
Add back/(deduct): Net cash flow from derivative financial instruments	**67**	(11)
Add back: Repayment of principal under lease liabilities	**152**	153
(Increase)/decrease in net debt from cash flows	**(132)**	441
New lease liabilities and amendments	**(139)**	(103)
Amortisation of fees and discounts on issue of debt	**(3)**	(4)
Fees and discounts accrued on issue of debt	**1**	–
Changes in fair value of borrowings in a fair value hedge	**320**	92
Lease liabilities acquired through business acquisitions	**(7)**	–
Lease liabilities derecognised on sale and closure of businesses	**1**	16
COVID-19 rent concessions	**2**	4
Reclassification	**7**	–
Changes in fair value of derivative financial instruments	**(251)**	(63)
Currency translation (losses)/gains	**(251)**	83
(Increase)/decrease in net debt	**(452)**	466
Net debt at 1 October	**(2,538)**	(3,006)
Cash reclassified from held for sale	**–**	2
Net debt at 30 September	**(2,990)**	(2,538)

1. Re-presented to disaggregate cash flows from borrowings and derivative financial instruments in the consolidated cash flow statement. Accordingly, the prior year increase in borrowings has reduced from £11m to £nil and a net cash inflow from derivative financial instruments of £11m has been included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

33 NON-GAAP MEASURES CONTINUED

Reconciliations continued

NET DEBT TO EBITDA	2022 £m	2021 £m
Net debt	2,990	2,538
Underlying EBITDA	2,371	1,554
Net debt to EBITDA (times)	1.3	1.6

RETURN ON CAPITAL EMPLOYED (ROCE)	2022 £m	2021[1] £m
NOPAT	1,196	612
Average capital employed	7,567	7,005
ROCE (%)	15.8%	8.7%

1. Re-presented to reflect a simplified definition of capital employed (see page 193). As defined in previous years, ROCE was 7.7% in 2021 on average capital employed of £7,931m, which also excluded deferred tax on post-employment benefit assets and obligations, amortised intangible assets acquired through business combinations, impaired goodwill, the Group's non-controlling partners' share of net assets and the net assets of discontinued operations.

Cash flow

CAPITAL EXPENDITURE	2022 £m	2021 £m
Purchase of intangible assets	177	155
Purchase of contract fulfilment assets	218	231
Purchase of property, plant and equipment	282	228
Investment in contract prepayments	64	40
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	(37)	(44)
Capital expenditure	704	610

UNDERLYING OPERATING CASH FLOW	2022 £m	2021 £m
Net cash flow from operating activities	1,596	1,171
Purchase of intangible assets	(177)	(155)
Purchase of contract fulfilment assets	(218)	(231)
Purchase of property, plant and equipment	(282)	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	37	44
Repayment of principal under lease liabilities	(152)	(153)
Share of results of joint ventures and associates	45	31
Add back: Interest paid	96	121
Add back: Net tax paid	332	200
Add back: Post-employment benefit obligations net of service costs	7	8
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	57	186
Add back: Acquisition transaction costs	10	10
Underlying operating cash flow	1,351	1,004

UNDERLYING OPERATING CASH FLOW CONVERSION	2022 £m	2021 £m
Underlying operating cash flow	1,351	1,004
Underlying operating profit	1,590	811
Underlying operating cash flow conversion (%)	85.0%	123.8%

33 NON-GAAP MEASURES CONTINUED

Reconciliations continued

FREE CASH FLOW	2022 £m	2021 £m
Net cash flow from operating activities	**1,596**	1,171
Purchase of intangible assets	**(177)**	(155)
Purchase of contract fulfilment assets	**(218)**	(231)
Purchase of property, plant and equipment	**(282)**	(228)
Proceeds from sale of property, plant and equipment/intangible assets/contract fulfilment assets	**37**	44
Purchase of other investments	**(42)**	(20)
Proceeds from sale of other investments	**3**	3
Dividends received from joint ventures and associates	**51**	28
Interest received	**10**	5
Repayment of principal under lease liabilities	**(152)**	(153)
Dividends paid to non-controlling interests	**(3)**	–
Free cash flow	**823**	464

UNDERLYING FREE CASH FLOW	2022 £m	2021 £m
Free cash flow	**823**	464
Add back: Cash payments related to cost action programme and COVID-19 resizing costs	**57**	186
Add back: Acquisition transaction costs	**10**	10
Underlying free cash flow	**890**	660

UNDERLYING FREE CASH FLOW CONVERSION	2022 £m	2021 £m
Underlying free cash flow	**890**	660
Underlying operating profit	**1,590**	811
Underlying free cash flow conversion (%)	**56.0%**	81.4%

UNDERLYING CASH TAX RATE	2022 £m	2021 £m
Tax received	**31**	29
Tax paid	**(363)**	(229)
Net tax paid	**(332)**	(200)
Underlying profit before tax	**1,490**	698
Underlying cash tax rate (%)	**22.3%**	28.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

34 EXCHANGE RATES

	2022	2021
AVERAGE EXCHANGE RATE FOR THE YEAR[1]		
Australian Dollar	**1.80**	1.83
Brazilian Real	**6.72**	7.35
Canadian Dollar	**1.64**	1.73
Chilean Peso	**1,084.21**	1,019.64
Danish Krone	**8.76**	8.52
Euro	**1.18**	1.15
Japanese Yen	**158.27**	147.07
Norwegian Krone	**11.83**	11.91
Swedish Krona	**12.28**	11.68
Turkish Lira	**18.45**	11.07
UAE Dirham	**4.70**	5.02
US Dollar	**1.28**	1.37
CLOSING EXCHANGE RATE AT 30 SEPTEMBER[1]		
Australian Dollar	**1.74**	1.87
Brazilian Real	**6.04**	7.35
Canadian Dollar	**1.53**	1.71
Chilean Peso	**1,069.34**	1,095.13
Danish Krone	**8.47**	8.65
Euro	**1.14**	1.16
Japanese Yen	**161.58**	150.44
Norwegian Krone	**12.16**	11.77
Swedish Krona	**12.39**	11.80
Turkish Lira	**20.69**	11.98
UAE Dirham	**4.10**	4.95
US Dollar	**1.12**	1.35

1. Average rates are used to translate the income statement and cash flow statement. Closing rates are used to translate the balance sheet. Only the most significant currencies are shown.

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC

Principal subsidiaries	Country of incorporation	% Holding	Principal activities
Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia			
Compass Group (Australia) Pty Limited	Australia	100	Food and support services
Chaussée de Haecht 1179, B-1130 Bruxelles, Belgium			
Compass Group Belgilux S.A.	Belgium	100	Food services
Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 151, Lapa de Baixo, 05.069-900, Brazil			
GR Serviços e Alimentação Ltda.	Brazil	100	Food and support services
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada			
Compass Group Canada Ltd. Groupe Compass Canada Ltée (iii)(iv)(v)(vi)(viii)	Canada	100	Food and support services
Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile			
Compass Catering Y Servicios Chile Limitada	Chile	100	Food and support services
Rued Langgards Vej 8, 1. sal, 2300 København S, DK, Denmark			
Compass Group Danmark A/S	Denmark	100	Food services
P.O. Box 210, FI-00281 Helsinki, Finland			
Compass Group Finland Oy	Finland	100	Food services
123 Avenue de la République – Hall A, 92320 Châtillon, France			
Compass Group France Holdings SAS	France	100	Holding company
Compass Group France SAS	France	100	Food and support services
Helfmann-Park 2, 65760, Eschborn, Germany			
Compass Group Deutschland GmbH	Germany	100	Holding company
Eurest Deutschland GmbH	Germany	100	Food service to business and industry
Eurest Services GmbH	Germany	100	Support services to business and industry
Medirest GmbH & Co OHG	Germany	100	Food service to the healthcare and senior living market
Via Angelo Scarsellini, 14, 20161, Milano, Italy			
Compass Group Italia S.p.A.	Italy	100	Food and support services
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan			
Compass Group Japan Inc.	Japan	100	Food and support services
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands			
Compass Group International B.V.	Netherlands	100	Holding company
Compass Group Nederland B.V.	Netherlands	100	Food and support services
Compass Group Nederland Holding B.V.	Netherlands	100	Holding company
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway			
Compass Holding Norge AS	Norway	100	Holding company
Calle Pinar de San José 98 planta 1ª 28054 Madrid, Spain			
Eurest Colectividades S.L.U.	Spain	100	Food and support services
Box 1183, 171 23 Solna, Stockholm, Sweden			
Compass Group FS Sweden AB	Sweden	100	Food services
Compass Group Sweden AB	Sweden	100	Holding company
Oberfeldstrasse 14, 8302, Kloten, Switzerland			
Compass Group (Schweiz) AG	Switzerland	100	Food and support services
Restorama AG	Switzerland	100	Food service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Principal subsidiaries	Country of incorporation	% Holding	Principal activities
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/77 Üsküdar Istanbul, Turkey			
Sofra Yemek Űretim Ve Hizmet A.Ş. (iii)	Turkey	100	Food and support services
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom			
Compass Contract Services (U.K.) Limited	UK	100	Food and support services
Compass Group, UK and Ireland Limited	UK	100	Holding company
Foodbuy Europe Limited (iii)(iv)	UK	100	Client procurement services management in the UK
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom			
Compass Group Holdings PLC (i)(iii)	UK	100	Holding company and corporate activities
Hospitality Holdings Limited (i)	UK	100	Intermediate holding company
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US			
Bon Appétit Management Co. (viii)	US	100	Food service
251 Little Falls Drive, Wilmington, DE 19808, US			
Compass Group US Investments Inc.	US	100	Holding company
Compass Group US, Inc. (viii)	US	100	Food and support services
Crothall Services Group	US	100	Support services to the healthcare market
Foodbuy, LLC	US	100	Purchasing services in North America
Restaurant Associates Corp.	US	100	Fine dining facilities
80 State Street, Albany, NY 12207-2543, US			
Flik International Corp.	US	100	Fine dining facilities
801 Adlai Stevenson Drive, Springfield, IL 62703, US			
Levy Restaurants Limited Partnership	US	100	Fine dining and food service at sports and entertainment facilities
2 Sun Court, Suite 400, Peachtree Corners, GA 30092, US			
Morrison Management Specialists, Inc. (viii)	US	100	Food service to the healthcare and senior living market

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
Chez: Eurojapan Résidence No.23, RN n°3 BP 398, Hassi Messaoud, Algeria		
Eurest Algerie SPA	Algeria	100
Condominio Dolce Vita, Via S8, Edifício 1D, Fração A & B, 2º andar, Talatona, Município de Belas, Luanda, República de Angola		
Express Support Services, Limitada	Angola	100
Esteban Echeverría 1050, 6th floor, Vicente Lopez (1602), Buenos Aires, Argentina		
Servicios Compass de Argentina S.A.	Argentina	100
Ground Floor 35 – 51 Mitchell Street, McMahons Point, NSW 2060, Australia		
28 Villages Pty Ltd	Australia	100
Compass (Australia) Catering & Services PTY Ltd (iii)(iv)	Australia	100
Compass Group B&I Hospitality Services PTY Ltd	Australia	100
Compass Group Defence Hospitality Services PTY Ltd	Australia	100
Compass Group Education Hospitality Services PTY Ltd	Australia	100
Compass Group Healthcare Hospitality Services PTY Ltd	Australia	100
Compass Group Health Services Pty Ltd	Australia	100
Compass Group Management Services PTY Ltd	Australia	100
Compass Group Relief Hospitality Services PTY Ltd	Australia	100
Compass Group Remote Hospitality Services PTY Ltd	Australia	100
Delta Facilities Management PTY Ltd	Australia	100
Delta FM Australia PTY Ltd	Australia	100
Eurest (Australia) Food Services PTY Ltd	Australia	100
Eurest (Australia) PTY Ltd	Australia	100
Foodbuy Pty Ltd	Australia	100
HEC Hospitality Services Pty Ltd	Australia	100
LAPG PTY Ltd	Australia	100
Omega Security Services PTY Ltd	Australia	100
PJG Investment Company Pty Ltd	Australia	100
Restaurant Associates (Australia) PTY Ltd	Australia	100
Village Hospitality Holdings Pty Ltd	Australia	100
Village Hospitality Services Pty Ltd	Australia	100
IZD Tower, Wagramer Strasse 19/4. Stock, 1220 Wien, Austria		
Compass Group Austria Holdings One GmbH	Austria	100
Compass Group Austria Holdings Two GmbH	Austria	100
Eurest Restaurationsbetriebsgesellschaft m.b.H	Austria	100
Kunz Gebäudereinigung GmbH	Austria	100
Chaussée de Haecht 1179, B-1130 Brussels, Belgium		
Compass Group Service Solutions S.A.	Belgium	100
F.L.R. Holding S.A. (ii)	Belgium	100
Xandrion Belgie BV	Belgium	100
Boomseseenweg 28, 2627 Schelle, Belgium		
J&M Catering Services NV	Belgium	100
Flinckheuvel BV	Belgium	100
Silverspoon BV	Belgium	100
Gemeentepark 5, 2930 Brasschaat, Belgium		
Kasteel Van Brasschaat NV	Belgium	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 152, Lapa de Baixo, 05.069-900, Brazil		
Clean Mall Serviços Ltda.	Brazil	100
Rua Werner Von Siemens, 111, Building 11 (Tower A), 15.º floor, mezzanine, Lapa de Baixo, 05.069-900, Brazil		
GR Manutenção e Facilites Sociedade Unipessoal Ltda.	Brazil	100
Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 151 - parte, Lapa de Baixo, 05.069-900, Brazil		
GRSA Serviços LTDA.	Brazil	100
Rua Werner Von Siemens 111, Building 11 (Tower A), Floor 15, Suite 152 - parte, Lapa de Baixo, 05.069-900, Brazil		
Foodbuy Alimentos Sociedade Unipessoal Ltda.	Brazil	100
Craigmuir Chambers, PO Box 71, Roadtown, Tortola, VG1110, British Virgin Islands		
Compass Group Holdings (BVI) Limited	British Virgin Islands	100
c/o Action Group Ltd., No.12, Street 614, Sangkat Boeung Kok II, Khan Tuol Kork, Phnom Penh City, Cambodia		
Compass Group (Cambodia) Co. Ltd. (ii)	Cambodia	100
100, Rue n° 1044 Hydrocarbures, Bonapriso, BP 5767, Douala, Cameroon		
Eurest Cameroun SARL (ii)	Cameroon	100
Eurest Camp Logistics Cameroun SARL (ii)	Cameroon	100
12 Kodiak Crescent, Toronto, Ontario, M3J 3G5, Canada		
Imperial Coffee and Services Inc. (iii)(iv)(v)	Canada	100
1 Prologis Boulevard, Suite 400, Mississauga, Ontario L5W 0G2, Canada		
1000255781 Ontario Inc. (iii)(iv)	Canada	100
1000322832 Ontario Inc.	Canada	100
Canteen of Canada Limited (iii)	Canada	100
Compass Canada Support Services Ltd (iii)(iv)(v)(vi)(viii)	Canada	100
Compass Group Canada Operations Ltd (iii)	Canada	100
102-1370 Rue De Coulomb, Boucherville, Quebec, J4B 7J4, Canada		
3087-9068 Quebec Inc.	Canada	100
1969 Upper Water Street, Purdy's Wharf Tower II, Suite 1300, Halifax, Nova Scotia B3J 3R7, Canada		
Crothall Services Canada Inc. (iii)(iv)	Canada	100
5B rue De Montgolfier, Boucherville, Québec, J4B 8C4, Canada		
Caf-Caf Inc. (iii)(iv)(v)(vi)	Canada	100
1959 Upper Water Street, Suite 1100, Halifax, Nova Scotia, B3J 3E5, Canada		
East Coast Catering (NS) Limited (iii)	Canada	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
East Coast Catering Limited (iii)(iv)(viii)(v)	Canada	100
Long Harbour Catering Limited Partnership (x)	Canada	100
Long Harbour Catering Limited (iii)(viii)	Canada	100
421 7th Avenue SW, Suite 1600, Calgary, Alberta, T2P 4K9, Canada		
Great West Catering Ltd. (iii)	Canada	100
Tamarack Catering Ltd. (iii)	Canada	100
2580 Rue Dollard, Lasalle, Quebec, H8N 1T2, Canada		
Groupe Compass (Québec) Ltée (iii)(iv)(v)(vi)(viii)	Canada	100
550 Burrard Street, Suite 2300, Bentall 5, P.O. Box 30, Vancouver, British Columbia, V6C 2B5, Canada		
Town Square Food Services Ltd. (iii)	Canada	100
Av. Las Condes 11.774, 7th floor, Vitacura, Santiago, Chile		
Cadelsur S.A.	Chile	100
Compass Catering S.A.	Chile	100
Compass Servicios S.A.	Chile	100
Scolarest S.A.	Chile	100
Room 501 (namely Room 601), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China		
Compass (China) Management Services Company Limited	China	100
Room 503 (namely Room 603), Building 2, No. 317, Longwen Road, Xuhui District, Shanghai 200232, China		
Shanghai Eurest Food Technologies Service Co., Ltd.	China	100
Calle 98#11B – 29 Bogotá - Colombia		
Compass Group Services Colombia S.A.	Colombia	100
Enceinte de Brometo Centre Ville, BP 5208, Pointe-Noire, The Democratic Republic of the Congo		
Eurest Services Congo SARL (ii)	Congo	100
195, Arch. Makariou III Avenue, Neocleous House, 3030 Limassol, Cyprus		
ESS Design & Build Ltd (ii)	Cyprus	100
Eurest Support Services (Cyprus) International Ltd (i)	Cyprus	100
Jankovcova, 1603/47a, Holešovice 170 00, Prague 7, Czech Republic		
Compass Group Czech Republic s.r.o.	Czech Republic	100
SCOLAREST- zařízení školního stravování spol. s.r.o	Czech Republic	100
Harju maakond, Saku vald, Jälgimäe küla, Jälgimäe tee 14, 76404, Estonia		
Compass Group FS Estonia OÜ	Estonia	100
123 Avenue de la République – Hall A, 92320 Châtillon, France		
Academie Formation Groupe Compass SAS	France	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
Caterine Restauration SAS	France	100
Delisaveurs SAS	France	100
Eurest Sports & Loisirs SAS	France	100
La Puyfolaise de Restauration SAS	France	100
Levy Restaurants France SAS	France	100
Mediance SAS	France	100
Memonett SAS	France	100
Servirest SAS	France	100
SHRM Angola SAS (ii)	France	100
Société De Prestations En Gestion Immobiliere SAS	France	100
Société Nouvelle Lecocq SAS	France	100
Sud Est Traiteur SAS	France	100
Rue des Artisans, ZA de Bel Air, 12000 Rodez, France		
Central Restauration Martel (CRM)	France	100
Zone Artisanale, 40500 Bas Mauco, France		
Culinaire Des Pays de L'Adour SAS	France	100
40, Bd de Dunkerque, 13002 Marseille, France		
Société International D'Assistance SA (ii)	France	100
Lieu Dit la Prade, 81580 Soual, France		
Occitanie Restauration SAS	France	100
3 rue Camille Claudel Atlanparc Bat.M, Zone Kerluherne, CS 20043, 56890 Plescop, France		
Oceane de Restauration SAS	France	100
Rue Eugène Sué, Zone Industrielle de Blanzat, 03100 Montluçon, France		
Sogirest SAS	France	100
ZONE OPRAG, (Face á Bernabé Nouveau Port), BP 1292, Port Gentil, Gabon		
Eurest Support Services Gabon SA (ii)	Gabon	100
Helfmann-Park 2, 65760, Eschborn, Germany		
Compass Group GmbH	Germany	100
Eurest Süd GmbH	Germany	100
Food affairs GmbH	Germany	100
Foodbuy CE GmbH	Germany	100
Kanne Café GmbH	Germany	100
Menke Menue GmbH	Germany	100
MU Catering Bremen GmbH	Germany	100
Royal Business Restaurants GmbH	Germany	100
S.B. Verwaltungs GmbH	Germany	100
Konrad-Zuse-Platz 2, 81829 München, Germany		
Leonardi EPM GmbH	Germany	100
Leonardi HPM GmbH	Germany	100
Leonardi GmbH & Co. KG	Germany	100
Leonardi Kaffee neu entdecken GmbH & Co. KG	Germany	100
Leonardi SVM GmbH	Germany	100
Sankt-Florian-Weg 1, 30880, Laatzen, Germany		
orgaMed Betriebsgesellschaft für Zentralsterilisationen GmbH	Germany	100
PLURAL Gebäudemanagement GmbH	Germany	100
PLURAL Personalservice GmbH	Germany	100

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
PLURAL Servicepool GmbH	Germany	100
Pfaffenwiese, 65929 Frankfurt/M., Germany		
LPS Event Gastronomie GmbH	Germany	100
PO Box 119, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey		
Compass Group Finance Ltd	Guernsey	100
Room 805, 8/F, New Kowloon Plaza, 38 Tai Kok Tsui Road, Kowloon, Hong Kong		
Compass Group Hong Kong Ltd	Hong Kong	100
Encore Catering Ltd	Hong Kong	100
Shing Hin Catering Group Ltd	Hong Kong	100
Irinyi József u. 4-20. B épület, H-1117 Budapest, Hungary		
Eurest Étteremüzemeltető Korlátolt Felelősségű Társaság	Hungary	100
Spaze I - Tech Park, Tower A, Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India		
Compass India Food Services Private Limited	India	100
Unit #401, 4th Floor, Tower A, Spaze I – Tech Park Sohna Road, Sector 49 Gurgaon, Gurgaon HR 122018 IN, India		
Compass India Support Services Private Limited	India	100
3rd Floor, 43a, Yeats Way, Parkwest Business Park, Dublin 12, Ireland		
Amstel Limited (ii)	Ireland	100
Catering Management Ireland Limited (ii)	Ireland	100
Cheyenne Limited (ii)	Ireland	100
Compass Catering Services, Ireland Limited	Ireland	100
COH Ireland Investments Unlimited Company (viii)(ix)	Ireland	100
Drumburgh Limited (ii)	Ireland	100
Fitzers Catering Events, Venue & Location Catering Limited	Ireland	100
Fitzers Catering Limited	Ireland	100
Management Catering Services Limited	Ireland	100
National Catering Limited (ii)	Ireland	100
Rushmore Investment Company Limited (ii)(viii)	Ireland	100
Sutcliffe Ireland Limited	Ireland	100
Zadca Limited (ii)	Ireland	100
Tower House, Loch Promenade, Douglas, IM1 2LZ, Isle of Man		
Queen's Wharf Insurance Services Limited (viii)	Isle of Man	100
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan		
Fuyo, Inc.	Japan	100
44 Esplanade, St Helier, JE4 9WG, Jersey		
Malakand Unlimited	Jersey	100
060011, Atyrauskaya Oblast, Atyrau City, Beibarys Sultan Avenue 506, Kazakhstan		
Compass Kazakhstan LLP	Kazakhstan	100
Eurest Support Services Kazakhstan LLP (ii)	Kazakhstan	100
ESS Support Services LLP	Kazakhstan	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
209/8919 Sigma Road Off Enterprises Road, PO BOX 14 662, Nairobi, Kenya		
Kenya Oilfield Services Ltd (ii)	Kenya	100
19, Rue Léon Laval, L-3372 Leudelange, Luxembourg		
Eurest Luxembourg S.A.	Luxembourg	100
IMMO Capellen S.A.	Luxembourg	100
Innoclean S.A.	Luxembourg	100
Novelia Senior Services S.A.	Luxembourg	100
Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia		
Compass Group Malaysia Sdn Bhd	Malaysia	100
50-8-1, TKT.8, Wsima UOA Damansara, 50 Jalan. Dungun, Damansara Heights, Kuala Lumpur, 50490, Malaysia		
S.H.R.M. Sdn. Bhd. (ii)	Malaysia	100
Calle Jaime Balmes 11, Oficina 101 letra D, Colonia Los Morales Polanco, Alcaldía Miguel Hidalgo, 11510 Ciudad de México, Mexico		
Compass México Servicios de Soporte, S.A. De C.V. (iii)(iv)	Mexico	100
Eurest Proper Meals de Mexico S.A. de C.V. (iii)(iv)	Mexico	100
Servicios Corporativos Eurest-Proper Meals de Mexico S.A. De C.V. (iii)(iv)	Mexico	100
c/o 251 Little Falls Drive, Wilmington, DE 19808, US		
Food Works of Mexico, S. de R.L. de C.V. (ii)(iii)(iv)	Mexico	100
Food Works Services of Mexico, S. de R.L. De C.V. (ii)(iii)(iv)	Mexico	100
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
CGI Holdings (2) B.V.	Netherlands	100
Compass Group Finance Netherlands B.V.	Netherlands	100
Compass Group Holding B.V.	Netherlands	100
Compass Group International 2 B.V.	Netherlands	100
Compass Group International 3 B.V.	Netherlands	100
Compass Group International 4 B.V.	Netherlands	100
Compass Group International 5 B.V.	Netherlands	100
Compass Group International 9 B.V.	Netherlands	100
Compass Group International Finance 1 B.V.	Netherlands	100
Compass Group International Finance 2 B.V.	Netherlands	100
Compass Group Vending Holding B.V.	Netherlands	100
Compass Hotels Chertsey B.V.	Netherlands	100
Eurest Services B.V.	Netherlands	100
Eurest Support Services (ESS) B.V.	Netherlands	100
Luzernestraat 57, 2153 GM, Nieuw-Vennep, Netherlands		
Famous Flavours B.V. (viii)	Netherlands	100
Stationsweg 95, 6711 PM Ede, Netherlands		
Xandrion B.V.	Netherlands	100
85 Avenue du Général de Gaulle, Immeuble Carcopino 3000, BP 2353, 98846 Nouméa Cedex, New Caledonia		
Eurest Caledonie SARL (ii)	New Caledonia	100

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35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
Level 3, 7-11 Kenwyn Street, Parnell, Auckland, 1052, New Zealand		
Compass Group New Zealand Limited	New Zealand	100
Crothall Services Group Limited (ii)	New Zealand	100
Eurest NZ Limited (ii)	New Zealand	100
Drengsrudbekken 12, 1383, PO Box 74, NO-1371, Asker, Norway		
Compass Group Norge AS (iii)	Norway	100
Fabrikkveien 8, 4033 Stavanger, 1103 Stavanger, Norway		
Craftly AS	Norway	100
Forusparken 2, 4031 Stavanger, Postboks 8083 Stavanger Postterminal, 4068, Stavanger, Norway		
ESS Mobile Offshore Units AS	Norway	100
ESS Support Services AS	Norway	100
c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea		
Eurest (PNG) Catering & Services Ltd (ii)	Papua New Guinea	100
Unit 2410 24th flr, City & Land Mega Plaza, ADB Ave., Ortigas Ctr., San Antonio, Pasig City 1605, Philippines		
Compass Group Philippines Inc (ii)	Philippines	100
Ul. Olbrachta 94, 01-102 Warszawa, Poland		
Compass Group Poland Sp. Z o.o.	Poland	100
Edíficio Prime, Avenida da, Quinta Grande, 53-60, Alfragide 2614-521 Amadora, Portugal		
Eurest (Portugal) – Sociedade Europeia de Restaurantes, Lda.	Portugal	100
Eurest Catering & Services Group Portugal, Lda.	Portugal	100
Bucureşti Sectorul 4, Strada Sold., Ilie Şerban, Nr. 8B., Romania Bucureşti Sectorul 4, Calea Şerban Vodă, Nr. 133, Cladirea B, Etaj 1, Romania		
Eurest ROM SRL	Romania	100
82 Ubi Avenue 4, #07-03 Edward Boustead Centre, 408832, Singapore		
Compass Group (Singapore) PTE Ltd (iii)(iv)	Singapore	100
8 Marina Boulevard, # 05-02, Marina Bay Financial Centre, 018981, Singapore		
Compass Group Asia Pacific PTE. Ltd (ii)	Singapore	100
Plynárenská 7/B mestská časť Ružinov 821 09 Bratislava, Slovakia		
Compass Group Slovakia s. r. o.	Slovakia	100
Calle Frederic Mompou 5, planta 5a, Edificio Euro 3, 08960, San Just Desvern, Barcelona, Spain		
Asistentes Escolares, S.L.	Spain	100
Eurest Catalunya, S.L.U.	Spain	100
Medirest Social Residencias, S.L.U.	Spain	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
Calle Castilla 8-10 – C.P. 50.009, Zaragoza, Spain		
Servicios Renovados de Alimentacion, S.A.U.	Spain	100
Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain		
Eurest Parques, S.L.U.	Spain	100
Eurest Servicios Feriales, S.L.U.	Spain	100
Poligono Ugaldeguren 1, Parcela 7, 48160 Derio (Vizcaya), Spain		
Eurest Euskadi S.L.U.	Spain	100
Calle R, s/n, Mercapalma, 07007 Palma de Mallorca, Baleares, Spain		
Compass Group Holdings Spain, S.L.U.	Spain	100
Levy Compass Group Holdings, S.L. (ii)	Spain	100
Box 1183, 171 23 Solna, Stockholm, Sweden		
Compass Group AB	Sweden	100
c/o BDO AG, Industriestrasse 53 6312 Steinhausen, Switzerland		
Creative New Food Dream Steam GmbH	Switzerland	100
c/o Ueltschi Solutions GmbH, Gwattstrasse 8, CH-3185 Schmitten, Switzerland		
Sevita Group GmbH	Switzerland	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/73 Üsküdar Istanbul, Turkey		
Euroserve Gűvenlik A.Ş.	Turkey	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/78 Üsküdar Istanbul, Turkey		
Euroserve Hizmet ve işletmecilik A.Ş.	Turkey	100
Ünalan Mah. Libadiye Cad. Emaar Square Sit. F Blok No:82F/74 Üsküdar Istanbul, Turkey		
Turkaş Gıda Hizmet ve İşletmecilik A.Ş.	Turkey	100
Dubai Airport Free Zone, Dubai, United Arab Emirates		
Compass Camea FZE	UAE	100
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom		
14Forty Limited (ii)	UK	100
3 Gates Services Limited (ii)	UK	100
A.C.M.S. Limited (ii)	UK	100
Air Publishing Limited	UK	100
Bateman Catering Limited (ii)(vii)	UK	100
Bateman Healthcare Services Limited (ii)	UK	100
Baxter and Platts Limited (iii)(iv)(v)	UK	100
Bromwich Catering Limited (ii)	UK	100
Business Clean Limited (ii)	UK	100
Capitol Catering Management Services Limited	UK	100
Carlton Catering Partnership Limited (ii)(iii)	UK	100
Castle Independent Limited (ii)	UK	100
Cataforce Limited (ii)	UK	100
Caterexchange Limited (ii)	UK	100
Caterskill Group Limited (ii)	UK	100
Caterskill Management Limited (ii)	UK	100

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
Chalk Catering Ltd [ii]	UK	100
Chartwells Hounslow (Feeding Futures) Limited [iii][iv]	UK	100
Chartwells Limited [ii]	UK	100
Circadia Limited [ii]	UK	100
Cleaning Support Services Limited [ii]	UK	100
Compass Accounting Services Limited [ii]	UK	100
Compass Catering Services Limited [ii]	UK	100
Compass Cleaning Services Limited [ii]	UK	100
Compass Contract Services Limited [ii]	UK	100
Compass Contracts UK Limited [ii][viii]	UK	100
Compass Experience Limited [ii][vii]	UK	100
Compass Food Services Limited	UK	100
Compass Group Medical Benefits Limited [ii]	UK	100
Compass Mobile Catering Limited [ii]	UK	100
Compass Office Cleaning Services Limited [ii]	UK	100
Compass Payroll Services Limited [ii]	UK	100
Compass Planning and Design Limited [ii]	UK	100
Compass Purchasing Limited	UK	100
Compass Road Services Limited [ii]	UK	100
Compass Security Limited [ii][vii]	UK	100
Compass Security Oldco Group Limited [ii]	UK	100
Compass Security Oldco Holdings Limited [ii]	UK	100
Compass Security Oldco Investments Limited [ii]	UK	100
Compass Services (Midlands) Limited [ii]	UK	100
Compass Services for Hospitals Limited [ii][viii]	UK	100
Compass Services Group Limited [ii]	UK	100
Compass Services Limited [ii]	UK	100
Compass Services Trading Limited [ii]	UK	100
Compass Services, UK and Ireland Limited	UK	100
Compass Services (U.K.) Limited	UK	100
Compass Staff Services Limited [ii]	UK	100
Cookie Jar Limited [ii]	UK	100
CRBS Resourcing Limited [ii]	UK	100
CRN 1990 (Four) Limited [ii]	UK	100
Customised Contract Catering Limited [ii]	UK	100
Cygnet Food Holdings Limited [ii]	UK	100
Cygnet Foods Limited	UK	100
Dine Contract Catering Limited	UK	100
DRE Developments Limited [ii]	UK	100
E-Foods Limited	UK	100
Eat Dot Limited [ii][iii]	UK	100
Eaton Catering Limited [ii]	UK	100
Eaton Wine Bars Limited [ii]	UK	100
EF Group Ltd [iii][iv]	UK	100
Equinoxe Solutions Limited	UK	100
Eurest Airport Services Limited [ii]	UK	100
Eurest Defence Support Services Limited [ii]	UK	100
Eurest Offshore Support Services Limited [ii][viii]	UK	100
Eurest Prison Support Services Limited [ii]	UK	100
Eurest UK Limited [ii]	UK	100
Everson Hewett Limited [ii][iii][iv]	UK	100
Facilities Management Catering Limited [ii]	UK	100
Fads Catering Limited [ii]	UK	100
Fairfield Catering Company Limited [ii]	UK	100
Fingerprint Managed Services Limited [ii]	UK	100
Funpark Caterers Limited [ii][iii]	UK	100
Goodfellows Catering Management Services Limited [ii]	UK	100
Gruppo Events Limited [ii]	UK	100
Hallmark Catering Management Limited [ii]	UK	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
Hamard Catering Management Services Limited [ii][vii]	UK	100
Hamard Group Limited [ii]	UK	100
Henry Higgins Limited [ii]	UK	100
Hospital Hygiene Services Limited [ii]	UK	100
Integrated Cleaning Management Limited	UK	100
Integrated Cleaning Management Support Services Limited	UK	100
Keith Prowse Limited [ii]	UK	100
Kennedy Brookes Finance Limited [ii]	UK	100
Knott Hotels Company of London [ii]	UK	100
Langston Scott Limited [ii]	UK	100
Leisure Support Services Limited [iii][iv]	UK	100
Leith's Limited [ii]	UK	100
Letheby & Christopher Limited [ii]	UK	100
Meal Service Company Limited [ii]	UK	100
Milburns Catering Contracts Limited [ii]	UK	100
Milburns Limited [ii]	UK	100
Milburns Restaurants Limited [ii][iii]	UK	100
National Leisure Catering Limited [ii]	UK	100
NLC (Holdings) Limited [ii]	UK	100
NLC (Wembley) Limited [ii]	UK	100
P & C Morris (Catering) Ltd [ii][vii]	UK	100
P & C Morris Catering Group Limited [ii]	UK	100
Payne & Gunter Limited [ii]	UK	100
Pennine Services Limited [ii]	UK	100
Peter Parfitt Leisure Overseas Travel Limited [ii]	UK	100
Peter Parfitt Sport Limited [ii][vii]	UK	100
PPP Infrastructure Management Limited	UK	100
Prideoak Limited [ii]	UK	100
QCL Limited [ii]	UK	100
Reliable Refreshments Limited	UK	100
Rhine Four Limited [ii][vii]	UK	100
Rocket Food Ltd [iii]	UK	100
Roux Fine Dining Limited [ii]	UK	100
Scolarest Limited [ii]	UK	100
Security Office Cleaners Limited [ii]	UK	100
Selkirk House (CVH) Limited [ii]	UK	100
Selkirk House (FP) Limited [ii][iii][iv][v]	UK	100
Selkirk House (GHPL) Limited [ii][viii]	UK	100
Selkirk House (GTP) Limited [ii]	UK	100
Selkirk House (WBRK) Limited	UK	100
Shaw Catering Company Limited	UK	100
Ski Class Limited [ii]	UK	100
Solutions on Systems Ltd [ii]	UK	100
Summit Catering Limited [ii]	UK	100
Sunway Contract Services Limited	UK	100
Sutcliffe Catering Midlands Limited [ii]	UK	100
Sutcliffe Catering South East Limited [ii]	UK	100
Sycamore Newco Limited [ii]	UK	100
The Bateman Catering Organization Limited [ii][viii]	UK	100
The Cuisine Centre Limited [ii]	UK	100
THF Oil Limited [ii]	UK	100
Tunco (1999) 103 Limited [ii]	UK	100
Vendepac Holdings Limited [viii]	UK	100
Vivo Markets Ltd	UK	100
Waseley Fifteen Limited [ii]	UK	100
Waseley Nominees Limited [ii]	UK	100
Wembley Sports Arena Limited [ii]	UK	100
Wheeler's Restaurants Limited [ii][vii]	UK	100
Woodin & Johns Limited [ii]	UK	100

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35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
Compass House, Guildford Street, Chertsey, Surrey, KT16 9BQ, United Kingdom		
Audrey (London) Limited [ii]	UK	100
Audrey Investments Limited [ii]	UK	100
Bateman Services Limited [ii]	UK	100
Compass Group Finance No.2 Limited [i]	UK	100
Compass Group Finance No.3 Limited	UK	100
Compass Group Finance No.4 Limited [i][iii][iv][viii]	UK	100
Compass Group Finance No.5 Limited [ii][xi]	UK	100
Compass Group North America Investments No.2	UK	100
Compass Group North America Investments Limited	UK	100
Compass Group Pension Trustee Company Limited [ii]	UK	100
Compass Group Procurement Limited	UK	100
Compass Group Trustees Limited [ii]	UK	100
Compass Healthcare Group Limited [ii][viii]	UK	100
Compass Hotels Chertsey [iii]	UK	100
Compass Nominee Company Number Fourteen Limited [ii]	UK	100
Compass Overseas Holdings Limited	UK	100
Compass Overseas Holdings No.2 Limited	UK	100
Compass Overseas Services Limited [ii]	UK	100
Compass Pension Trustees Limited [ii]	UK	100
Compass Quest Limited [ii]	UK	100
Compass Secretaries Limited [ii]	UK	100
Compass Site Services Limited [ii][vii]	UK	100
Compass UK Pension Trustee Co Limited [ii]	UK	100
Crisp Trustees Limited [ii]	UK	100
Meritglen Limited [ii][vii][viii]	UK	100
Nextonline Limited [iii][iv]	UK	100
Sevita (UK) Limited	UK	100
The Compass Group Foundation	UK	100
The Excelsior Insurance Company Limited	UK	100
Suite D, Pavilion 7 Kingshill Park, Venture Drive, Arnhill Business Park, Westhill, Aberdeenshire, AB32 6FL, United Kingdom		
CCG (UK) Ltd [ii]	UK	100
Coffee Partners Limited [ii]	UK	100
Compass Offshore Catering Limited [ii][viii]	UK	100
Compass Scottish Site Services Limited [ii]	UK	100
Waseley (CVI) Limited [ii]	UK	100
Waseley (CVS) Limited [ii]	UK	100
20 Red Lion Street London WC1R 4PQ, United Kingdom		
Feedr Limited [iii]	UK	100
1st Floor, 12 Cromac Quay, Cromac Wood, Belfast, Northern Ireland, BT7 2JD, United Kingdom		
Lough Erne Holiday Village Limited [ii]	UK	100
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US		
Bon Appétit Management Company Foundation	US	100
CulinArt of California, Inc.	US	100
C&B Holdings, LLC	US	100
H&H Catering, L.P.	US	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
211 E. 7th Street, Suite 620, Austin, TX 78701-3218, US		
Bamco Restaurants of Texas LLC	US	100
Levy Premium Foodservice, L.L.C. [ii]	US	100
Levy Texas Beverages, LLC	US	100
Morrison's Health Care of Texas, Inc.	US	100
University Food Services, Inc.	US	100
Wolfgang Puck Catering & Events of Texas, LLC	US	100
2345 Rice Street, Suite 230, Roseville, MN 55113, US		
Canteen One, LLC	US	100
Street Eats Limited	US	100
84 State Street, Boston, MA 02109, US		
Fame Food Management Inc.	US	100
The Food Management Enterprise Corporation	US	100
251 Little Falls Drive, Wilmington, DE 19808, US		
BenchWorks, Inc.	US	100
Bestfresh, LLC	US	100
B&I Catering, LLC	US	100
Bleuxus LLC	US	100
CG Analytics Consulting, LLC	US	100
CLS Par, LLC	US	100
CMCA Catering, LLC	US	100
Community Living Holdings, LLC	US	100
Compass LATAM Corp.	US	100
Compass LCS, LLC	US	100
Compass LV, LLC	US	100
Compass Paramount, LLC	US	100
Concierge Consulting Services, LLC	US	100
Convenience Foods International, Inc.	US	100
Coreworks, LLC	US	100
Crothall Healthcare Inc.	US	100
Eat Cloud LLC	US	100
Eurest Services, Inc.	US	100
Facilities Holdings, LLC	US	100
Flik One, LLC	US	100
Fresh & Ready Foods LLC	US	100
Green Cuisine, LLC	US	100
HC Foods, LLC	US	100
Levy Oklahoma, Inc.	US	100
Levy Prom Golf, LLC	US	100
Morrison Investment Company, Inc.	US	100
National Produce Consultants, LLC f/k/a/ National Produce FB, LLC	US	100
PCHI Catering, LLC	US	100
RAC Holdings Corp. [iii]	US	100
Rank + Rally, LLC	US	100
Restaurant Services I, LLC	US	100
S-82 LLC	US	100
SpenDifference LLC	US	100
Touchpoint Support Services, LLC	US	100
Unidine Corporation	US	100
Unidine Lifestyles, LLC	US	100
Unidine Nevada, LLC	US	100
University Food Services, LLC	US	100
Wolfgang Puck Catering and Events, LLC	US	100
WP Casual Catering, LLC	US	100
WPL, LLC	US	100
Yorkmont Four, Inc.	US	100

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other wholly owned subsidiaries	Country of incorporation	% Holding
801 Adlai Stevenson Drive, Springfield, IL 62703, US		
E15, LLC	US	100
Levy (Events) Limited Partnership	US	100
Levy (IP) Limited Partnership	US	100
Levy Food Service Limited Partnership	US	100
Levy GP Corporation	US	100
Levy Holdings GP, Inc.	US	100
Levy Illinois Limited Partnership	US	100
Levy Premium Foodservice Limited Partnership	US	100
Levy R & H Limited Partnership	US	100
Levy World Limited Partnership	US	100
Professional Sports Catering, LLC	US	100
Restaurant One Limited Partnership	US	100
RT Wholesale, LLC	US	100
Superior Limited Partnership	US	100
508 Meeting Street, West Columbia, SC 29169, US		
CGSC Capital, Inc.	US	100
501 Louisiana Avenue, Baton Rouge, LA 70802-5921, US		
Coastal Food Service, Inc.	US	100
S.H.R.M. Catering Services, Inc.	US	100
80 State Street, Albany, NY 12207-2543, US		
CulinArt Group, Inc.	US	100
CulinArt, Inc.	US	100
Mazzone Hospitality, LLC	US	100
Quality Food Management, Inc.	US	100
RA Tennis Corp.	US	100
RANYST, Inc.	US	100
Restaurant Associates LLC	US	100
Restaurant Associates, Inc.	US	100
Restaurant Services Inc.	US	100
2626 Glenwood Avenue, Suite 550, Raleigh, NC 27608, US		
Compass 2K12 Services, LLC	US	100
Compass HE Services, LLC	US	100
Compass One, LLC	US	100
Compass Two, LLC	US	100
Waveguide LLC	US	100
2595 Interstate Drive, Suite 103, Harrisburg, PA 17110, US		
Crothall Facilities Management, Inc.	US	100
Custom Management Corporation of Pennsylvania	US	100
Morrison's Custom Management Corporation of Pennsylvania	US	100
Newport Food Service, Inc.	US	100
Williamson Hospitality Services, Inc.	US	100
3366 Riverside Drive, Suite 103, Upper Arlington, OH 43221, US		
Cuyahoga Dining Services, Inc.	US	100

Other wholly owned subsidiaries	Country of incorporation	% Holding
40 Technology Pkwy South, #300, Norcross, GA 30092, US		
Food Services Management By Mgr, LLC	US	100
Morrison Alumni Association, Inc.	US	100
The M-Power Foundation, Inc.	US	100
221 Bolivar Street, Jefferson City, MO 65101, US		
Dynamic Vending, Inc.	US	100
Fresh Force, LLC	US	100
Fresh Ideas Management, LLC	US	100
Princeton South Corporate Ctr, Suite 160, 100 Charles Ewing Blvd, Ewing, NJ 08628, US		
Gourmet Dining, LLC	US	100
MC-CSC1 300 Deschutes Way SW, Suite 208, Tumwater, WA 98501, US		
Inter Pacific Management, Inc.	US	100
2900 SW Wanamaker Drive, Suite 204, Topeka, KS 66614, US		
Levy Kansas, LLC	US	100
Myron Green Corporation	US	100
PFM Kansas, Inc.	US	100
Treat America Limited	US	100
8825 N. 23rd Avenue, Suite 100, Phoenix, AZ 85021, US		
Prodine, Inc.	US	100
Sacco Dining Services, Inc.	US	100
2908 Poston Avenue, Nashville, TN 37203, US		
Southeast Service Corporation	US	100
1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, US		
Statewide Services, Inc.	US	100
600 S, 2nd Street, Suite 155, Bismarck, ND 58504, US		
Compass ND, LLC	US	100
2 Sun Court, Suite 400, Peachtree Corners, GA 30092, US		
Eversource LLC	US	100
112 North Curry Street, Carson City, NV 89703, US		
GLV Restaurant Management Associates, LLC	US	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
Level 3, 12 Newcastle Street, Perth 6000, Australia		
ESS Thalanyji PTY Ltd	Australia	60
ESS Larrakia PTY Ltd	Australia	50
30, 205 N. Narimanov avenue, Baku, AZ1065, Azerbaijan		
ESS Support Services LLC	Azerbaijan	50
1 Prologis Boulevard, Suite 400, Mississauga, Ontario, L5W 0G2, Canada		
Chef's Hall Inc. (iii)	Canada	67
Compass Group Sports and Entertainment – (Quebec) (x)	Canada	67
ECC – ESS Support Services (x)	Canada	50
2265668 Ontario Limited (iii)(iv)(v)(vi)(viii)	Canada	49
Amik Catering LP (x)	Canada	49
Dease River – ESS Support Services (x)	Canada	49
Dene West Limited Partnership (x)	Canada	49
ESS – East Arm Camp Services (x)	Canada	49
ESS – Kaatodh Camp Services (x)	Canada	49
ESS – Loon River Support Services (x)	Canada	49
ESS – Mi'kmaq Support Services (x)	Canada	49
ESS – Missanabie Cree Support Services (x)	Canada	49
ESS – Na Cho Nyak Dun Camp Services (x)	Canada	49
ESS – N'deh Support Services (x)	Canada	49
ESS – Ochapowace Support Services (x)	Canada	49
ESS – Pessamit Camp Services (x)	Canada	49
ESS – Wapan Manawan Services de Soutien (x)	Canada	49
ESS-CreeQuest Support Services	Canada	49
ESS-Nuvumiut Support Services (x)	Canada	49
ESS-SDEUM Support Services (x)	Canada	49
ESS-White River Support Services	Canada	49
ESS Haisla Support Services (x)	Canada	49
ESS HLFN Support Services (x)	Canada	49
ESS KNRA Support Services (x)	Canada	49
ESS Komatik Support Services (x)	Canada	49
ESS Liard First Nation Support Services (x)	Canada	49
ESS McKenzie Support Services (x)	Canada	49
ESS Okanagan Indian Band Support Services (x)	Canada	49
ESS Tataskweyak Camp Services (x)	Canada	49
ESS/Bushmaster Camp Services (x)	Canada	49
ESS/McLeod Lake Indian Band Support Services (x)	Canada	49
ESS/Mosakahiken Cree Nation Support Services (x)	Canada	49
ESS/Takla Lake Support Services (x)	Canada	49
ESS/WEDC Support Services (x)	Canada	49
First North Catering (x)	Canada	49
JCP – ESS Support Services (x)	Canada	49
KDM – ESS Support Services (x)	Canada	49
Metis Infinity – ESS Support Services	Canada	49
Mi'kma'ki Domiculture	Canada	49
Mi'Kmaq-ECC Nova Scotia Support Services (x)	Canada	49
Nisga'a Village – ESS Support Services (x)	Canada	49
Poplar Point Catering (x)	Canada	49
Songhees Nation Support Services (x)	Canada	49

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
30 Queen's Road, St. John's, Newfoundland and Labrador, A1C 2A5, Canada		
Labrador Catering Inc. (iii)	Canada	49
Labrador Catering LP (x)	Canada	49
Clearwater River Dene Nation Reserve No. 222, P.O. Box 5050, Clearwater, Saskatchewan, S0M 3H0, Canada		
Clearwater Catering Limited (iii)(iv)(v)(vi)	Canada	49
130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3, Canada		
Umbrel Hospitality Group Inc. (iii)	Canada	49
77 King Street West, No. 400, Toronto, Ontario, M5K 0A1, Canada		
O&B Yonge Richmond LP*	Canada	33.4
FO-110, Torshavn, Faroe Islands		
P/F Eurest Føroyar	Denmark	51
Keskussairaalantie Opinkivi 2, 40600 Jyväskylä, Finland		
Semma Oy	Finland	45
Ruukinkatu 2-4 20540 Turku, Finland		
Unica Oy	Finland	49
123 Avenue de la République – Hall A, 92320 Châtillon, France		
Sopregim SAS	France	80
Le Puy Du Fou, 85590 Les Epesses, France		
Puy Du Fou Restauration SAS	France	99.8
Steenbeker Weg 25, 24106, Kiel, Germany		
Lubinus – orgaMed Sterilgut GmbH	Germany	49
HTC Aspire, 4th Floor (401) No. 19, Ali Asker Road, Bangalore, Karnataka, 560052, India		
Bottle Lab Technologies Private Limited	India	79.55
No. 407, 2nd Floor, 7th Cross, 1st D Main Road, Domlur Layout, Old Airport Road, Bengaluru. Karnataka, 560071, India		
Nextup Technologies Private Limited	India	79.55
Hamarikyu Kensetsu Plaza, 5-5-12, Tsukiji, Chuo-ku, Tokyo 104-0045, Japan		
Chiyoda Kyushoku Services Co., Ltd	Japan	90
5-7-5, Chiyoda, Naka-ku, Nagoya-City, Aichi-Prefecture, 460-0012, Japan		
Seiyo General Food Co., Ltd	Japan	50
1-34-6, Sakura-Shinmachi, Setagaya-ku, Tokyo, 154-0015, Japan		
Highway Royal Co., Ltd.	Japan	33.34
060011, Atyrauskaya Oblast, Atyrau city, Beibarys Sultan avenue 506, Kazakhstan		
Eurest Support Services Company B LLP (ii)	Kazakhstan	50

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
060011, Old Airport Road 64, Atyrau City, Atyrau Oblast, Republic of Kazakhstan		
ESS Kazakhstan LLP	Kazakhstan	60
39 Boulevard Joseph, II L-1840, Luxembourg		
Geria SA	Luxembourg	25
Level 18 The Gardena North Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, 59200, Malaysia		
EM-SSIS Services Sdn. Bhd. (ii)	Malaysia	42
Suite 1301, 13th Floor, City Plaza Jalan Tebrau, 80300 Johor Bahru Johor, Malaysia		
Knusford Compass Sdn. Bhd.	Malaysia	49
1 Avenue Henri Dunant, Palais De La Scala, 3eme, Etage – No 1125, 98000 MC, Monaco		
Eurest Monaco S.A.	Monaco	99.99
Laarderhoogtweg 11, 1101 DZ, Amsterdam, Netherlands		
Compass Group International Finance C.V. (x)	Netherlands	100
Okesnoyveien 16, 1366, Lysaker, 1366, Norway		
Forpleiningstjenester AS	Norway	33.33
Harbitzalléen 2A, 0275 Oslo, PÅ Box 4148, Sjølyst, 0217 Oslo, Norway		
Gress Gruppen AS	Norway	33.33
c/o Warner Shand Lawyers Waigani, Level 1 RH Hypermarket, Allotment 1 Section 479 (off Kennedy Road), Gordons NCD, Papua New Guinea		
Eurest OKAS Catering Ltd (ii)	Papua New Guinea	55
Eurest Lotic (PNG) JV Ltd (ii)	Papua New Guinea	50
2 Floor, Al Mana Commercial Tower, C-Ring road, Doha, PO BOX 22481, Qatar		
Compass Catering Services WLL	Qatar	20
PO Box 31952, Al Khobar 31685 KSA, Saudi Arabia		
Compass Arabia Co. Ltd (LLC)	Saudi Arabia	30
Calle Pinar de San José 98, Planta 1a, 28054, Madrid, Spain		
Gourmet on Wheels, S.L.U.	Spain	99
Office No. 209, Mawilah, Al Sharjah, P O Box: 1897, United Arab Emirates		
Abu Dhabi National Hotels – Compass LLC	UAE	50
Abu Dhabi National Hotels Company Building, Sheikh Rashid Bin Saeed Al Maktoum Street, Abu Dhabi, United Arab Emirates		
Abu Dhabi National Hotels Compass Middle East LLC	UAE	50

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
Hotel owned by Emaar Properties, Building No. 1, Parcel ID 392-497, Dubai Marina, United Arab Emirates		
Abu Dhabi National Hotels – Compass Emirates LLC	UAE	50
Parklands Court, 24 Parklands, Birmingham Great Park, Rubery, Birmingham, B45 9PZ, United Kingdom		
Quaglino's Limited (iii)	UK	99
County Ground, Edgbaston, Birmingham, B5 7QU, United Kingdom		
Edgbaston Experience Limited (iii)(iv)	UK	25
Lower Ground 04 Edinburgh House, 154-182 Kennington Lane, London, SE11 5DP, United Kingdom		
Peppermint Events Limited	UK	50
POP (Purveyors of Plenty) Collective Limited	UK	50
Rugby House Twickenham Stadium, 200 Whitton Road, Twickenham, Middlesex, TW2 7BA, United Kingdom		
Twickenham Experience Limited	UK	15.53[1]
The Oval, Kennington, London, SE11 5SS United Kingdom		
Oval Events Holdings Limited (iv)(v)(vi)	UK	37.5
Oval Events Limited (iv)(v)(vi)	UK	37.5
Clere House, 3 Chapel Place, London, EC2A 3DQ, United Kingdom		
Kerb Events Limited (iii)	UK	50
7 St. Paul Street, Suite 820, Baltimore, MD 21202, US		
Bon Appétit Maryland, LLC	US	99
84 State Street, Boston, MA 02109, US		
Levy Maryland, LLC	US	74
909 A St Ste 600, Tacoma, WA 98402-5114, US		
BlueStar Refreshment Services Washington, LLC	US	49
251 Little Falls Drive, Wilmington, DE 19808, US		
HHP-MMS JV1, LLC	US	90
HHP-Partner COL, LLC	US	90
HHP-Partner, LLC	US	90
MMS JV Holdings, LLC	US	90
Levy LA Concessions, LLC	US	62.5
A.Anthony, LLC	US	51
Learfield Levy Foodservice, LLC	US	50
Parlay Solutions, LLC	US	50
DIOSS LLC	US	49
Thompson Facilities Services LLC	US	49
Thompson Hospitality Services, LLC	US	49
Chicago Restaurant Partners, LLC	US	42
Corporate Essentials LLC	US	25

1. As a percentage of nominal value of total share capital in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

35 DETAILS OF RELATED UNDERTAKINGS OF COMPASS GROUP PLC CONTINUED

Other subsidiaries, joint arrangements, memberships, associates and other significant holdings	Country of incorporation or establishment	% Holding
1209 Orange St., Wilmington, DE 19801, US		
BlueStar Refreshment Services, LLC	US	49
Link-Age Venture Labs, LLC	US	30
1090 Vermont Ave N.W., Washington, DC 20005, US		
Seasons Culinary Services, Inc	US	50.1
2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505, US		
Cosmopolitan Catering, LLC	US	60
1870 Patio Drive, San Jose, CA 95125, US		
BlueStar Refreshment Services LA, LLC	US	49
4605 Duke Drive, Suite 110, Mason, OH 45040, US		
Linkage Solutions, LLC	US	49
980 N. Michigan Ave., Suite 400, Chicago, IL 60611, US		
Convention Hospitality Partners	US	80
Atlanta Sports Catering	US	50
Orlando Foodservice Partners	US	50
1400 West Benson Blvd, Suite 370, Anchorage, AK 99503, US		
KIJIK/ESS, LLC	US	80
Statewide/GanaAYoo JV	US	50
80 State Street, Albany, NY 12207-2543, US		
Hudson Yards Catering, LLC	US	49
Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, US		
AEG Venue Management Holdings, LLC	US	38

NOTES
1. Unless otherwise stated, indirectly owned by Compass Group PLC, active status and ordinary shares issued.
2. In some of the jurisdictions where we operate, share classes are not defined and in these instances, for the purposes of disclosure, we have classified these holdings as ordinary.
3. A number of the companies listed are legacy companies which no longer serve any operational purpose.

CLASSIFICATIONS KEY
(i) Directly owned by Compass Group PLC
(ii) Dormant/non-trading
(iii) A Ordinary shares
(iv) B Ordinary shares
(v) C Ordinary and/or Special shares
(vi) D, E and/or F Ordinary shares
(vii) Deferred shares
(viii) Preference including cumulative, non-cumulative and redeemable shares
(ix) Redeemable shares
(x) No share capital, share of profits
(xi) Limited by guarantee

PARENT COMPANY BALANCE SHEET
At 30 September 2022

COMPASS GROUP PLC	Notes	2022 £m	2021 £m
FIXED ASSETS			
Investments in subsidiary undertakings	1	**1,105**	1,074
CURRENT ASSETS			
Debtors: amounts falling due within one year	2	**2,752**	7,248
Debtors: amounts falling due after more than one year	2	**8,094**	2,029
Cash at bank and in hand		**1,459**	1,307
Current assets		**12,305**	10,584
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors: amounts falling due within one year	3	**(5,928)**	(4,416)
Net current assets		**6,377**	6,168
TOTAL ASSETS LESS CURRENT LIABILITIES			
Total assets less current liabilities		**7,482**	7,242
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: amounts falling due after more than one year	3	**(3,527)**	(3,161)
Provisions		**(3)**	(3)
Net assets		**3,952**	4,078
EQUITY			
Share capital	5	**198**	198
Share premium		**189**	189
Capital redemption reserve		**295**	295
Own shares		**(515)**	–
Share-based payment reserve		**–**	271
Retained earnings[1]		**3,785**	3,125
Total equity		**3,952**	4,078

1. The Company's profit on ordinary activities after tax was £764m (2021: £190m).

Approved by the Board of Directors on 21 November 2022 and signed on its behalf by:

DOMINIC BLAKEMORE, Director
PALMER BROWN, Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2022

EQUITY	Share capital £m	Share premium £m	Capital redemption reserve £m	Own shares £m	Share-based payment reserve £m	Retained earnings[1] £m	Total £m
At 1 October 2020	198	189	295	–	254	2,935	3,871
Profit for the year	–	–	–	–	–	190	190
Fair value of share-based payments	–	–	–	–	20	–	20
Release of share awards settled in existing shares purchased in the market	–	–	–	–	(3)	–	(3)
At 30 September 2021	198	189	295	–	271	3,125	4,078
Profit for the year	–	–	–	–	–	**764**	**764**
Fair value of share-based payments	–	–	–	–	**34**	–	**34**
Release of share awards settled in existing shares purchased in the market	–	–	–	–	**(4)**	–	**(4)**
Purchase of own shares – share buyback programme[2]	–	–	–	**(502)**	–	–	**(502)**
Transfer[3, 4]	–	–	–	**(13)**	**(301)**	**314**	–
Dividends paid to shareholders[5]	–	–	–	–	–	**(418)**	**(418)**
At 30 September 2022	**198**	**189**	**295**	**(515)**	–	**3,785**	**3,952**

1. The non-distributable portion of retained earnings is £301m at 30 September 2022 (2021: £nil).
2. Including stamp duty and brokers' commission.
3. The share-based payments reserve has been transferred to retained earnings on the basis that it is more appropriately presented as a component of retained earnings for equity-settled share-based payment schemes.
4. To ensure consistency in the presentation of own shares, the value of shares in Compass Group PLC purchased in previous years and held in treasury at 30 September 2022 has been transferred from retained earnings to the own shares reserve.
5. Details of dividends paid to equity shareholders are shown in note 7 of the consolidated financial statements.

Own shares

The own shares reserve comprises 24,151,566 shares in Compass Group PLC purchased under the share buyback programme announced in May 2022 and held in treasury, and 1,050,933 shares in Compass Group PLC purchased in previous years and held in treasury.

In May 2022, the Company announced that it was commencing a share buyback programme to repurchase up to £500m of its own shares. During the year, 24,151,566 shares were repurchased for a total price, including transaction costs, of £440m, of which £425m was paid in cash during the year. These shares are held in treasury. The mandate issued to the broker to purchase the shares was irrevocable at 30 September 2022 and, therefore, a creditor in respect of the value of the shares not yet purchased under the programme has been recognised. The share buyback programme was completed in November and, in total, 27,599,115 shares were repurchased under the programme for a total price, including transaction costs, of £503m.

PARENT COMPANY ACCOUNTING POLICIES

For the year ended 30 September 2022

Introduction

The significant accounting policies adopted in the preparation of the separate financial statements of Compass Group PLC (the Company) are set out below.

Basis of preparation

The Company has prepared its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements present information about the Company as an individual undertaking, not as a Group undertaking, and are included in the Compass Group PLC consolidated financial statements for the year ended 30 September 2022. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement. The amount of profit for the year of the Company is disclosed in the Parent Company Balance Sheet and Statement of Changes in Equity.

Going concern

These financial statements have been prepared on a going concern basis. This is discussed in the Group accounting policies on page 134.

FRS 101 exemptions

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

- cash flow statement and related notes
- financial instruments and fair values
- share-based payments
- transactions with wholly-owned subsidiaries
- compensation of key management personnel
- capital management
- the effect of new but not yet effective accounting standards

Changes in accounting policies

There have been no significant changes in accounting policies during the year.

Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment. In the opinion of the directors, the value of such investments is not less than shown at the balance sheet date.

Investment income is measured at the fair value of the consideration received or receivable. It represents dividend income which is recognised when the right to receive payment is established.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Gains and losses arising on retranslation are included in the income statement for the period.

Financial assets and liabilities

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

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9 Financial Instruments, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the carrying amounts are reduced by a provision equal to the lifetime expected credit losses using historic and forward-looking data on credit risk.

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 or 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.

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. Derivative instruments utilised include interest rate swaps, currency swaps and forward currency contracts. The Company and Group policy is disclosed in the accounting policies to the consolidated financial statements.

PARENT COMPANY ACCOUNTING POLICIES CONTINUED

For the year ended 30 September 2022

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship. Borrowings that are part of a fair value hedge accounting relationship are measured at amortised cost adjusted for the fair value attributable to the risk being hedged.

Amounts owed by subsidiary undertakings are initially measured at fair value and are subsequently reported at amortised cost. Provisions on intra-group receivables are calculated at an amount equal to the lifetime expected credit losses using historic and forward-looking data on credit risk.

Amounts owed to subsidiary 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.

Dividends

Dividends paid are recognised in the Company's financial statements in the year in which they are approved in a general meeting by the Company's shareholders. Interim dividends are recognised when paid.

Deferred tax

Deferred tax is provided at the anticipated rates on temporary 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 are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Share-based payments

The Company issues equity-settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

The issue of share incentives by the Company to employees of its subsidiaries represents additional capital contributions. An addition to the Company's investment in subsidiary undertakings is reported with a corresponding increase in shareholders' funds. For details of the charge, see note 25 to the consolidated financial statements.

Own shares

The own shares reserve represents shares in Compass Group PLC held in treasury, including transaction costs. Own shares are treated as a deduction to equity until the shares are cancelled, reissued or sold, at which point they are transferred to retained earnings. The nominal value of shares in the Company purchased and subsequently cancelled is shown as a reduction in share capital and an equal and opposite transfer to the capital redemption reserve.

Financial guarantees and loan commitments

Financial guarantee contract liabilities are measured initially at their fair values. These liabilities are subsequently measured at the higher of the expected credit loss determined under IFRS 9 Financial Instruments and the initial fair value.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 30 September 2022

1 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS	2022 £m	2021 £m
COST		
At 1 October	1,075	1,057
Share-based payments to employees of subsidiaries	34	20
Recharged to subsidiaries during the year	(3)	(2)
At 30 September	1,106	1,075
PROVISIONS		
At 1 October and 30 September	(1)	(1)
NET BOOK VALUE		
At 30 September	1,105	1,074

The principal subsidiary undertakings are listed in note 35 to the consolidated financial statements.

2 DEBTORS

		2022			2021		
DEBTORS	Notes	Falling due within one year £m	Falling due after more than one year £m	Total £m	Falling due within one year £m	Falling due after more than one year £m	Total £m
Amounts owed by subsidiary undertakings		2,681	8,018	10,699	7,246	1,913	9,159
Derivative financial instruments	4	71	76	147	2	116	118
Total		2,752	8,094	10,846	7,248	2,029	9,277

Amounts owed by subsidiary undertakings may be interest-free or interest-bearing loans. Interest-free loans are repayable on demand. Interest-bearing loans incur interest at fixed rates (between 0.35% and 40%) or various floating rates with margins ranging from -0.05% to +1.50% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to May 2031.

The book value of amounts owed by subsidiary undertakings falling due within one year approximates to fair value due to the short-term nature of these receivables. The fair value of amounts owed by subsidiary undertakings falling due after more than one year is £7,452m (2021: £2,092m).

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED
For the year ended 30 September 2022

3 CREDITORS

CREDITORS	Notes	2022 Falling due within one year £m	2022 Falling due after more than one year £m	2022 Total £m	2021 Falling due within one year £m	2021 Falling due after more than one year £m	2021 Total £m
Issued debt	4	**439**	**1,847**	**2,286**	295	2,052	2,347
Bank overdrafts	4	**350**	**–**	**350**	249	–	249
Amounts owed to subsidiary undertakings	4	**4,996**	**1,424**	**6,420**	3,775	1,102	4,877
Derivative financial instruments	4	**6**	**237**	**243**	9	7	16
Other payables[1]	4	**77**	**–**	**77**	–	–	–
Accruals		**32**	**–**	**32**	34	–	34
Current tax		**28**	**–**	**28**	54	–	54
Deferred tax[2]		**–**	**19**	**19**	–	–	–
Total		**5,928**	**3,527**	**9,455**	4,416	3,161	7,577

1. Represents a commitment in respect of the share buyback programme announced in May 2022.
2. The deferred tax liability of £19m at 30 September 2022 arose in the income statement during the year in relation to net gains on certain derivative financial instruments.

ISSUED DEBT	Nominal value	Redeemable	Interest	2022 Carrying value £m	2021 Carrying value £m
US Private Placement	$398m	Oct 2021	3.98%	**–**	295
Eurobond	€500m	Jan 2023	1.88%	**439**	440
US Private Placement	$352m	Oct 2023	4.12%	**310**	274
US Private Placement	$100m	Dec 2024	3.54%	**89**	74
Eurobond	£250m	Sep 2025	2.00%	**220**	252
US Private Placement	$300m	Sep 2025	3.81%	**259**	242
Eurobond	£250m	Jun 2026	3.85%	**249**	249
US Private Placement	$300m	Dec 2026	3.64%	**269**	221
Eurobond	£300m	Jul 2029	2.00%	**233**	300
Eurobond	£250m	Sep 2032	4.38%	**218**	–
Total				**2,286**	2,347

In September 2022, the Company issued a fixed-rate sustainable bond of £250m maturing in 2032.

The Company has a £2,000m committed Revolving Credit Facility (RCF), of which £140m is committed to August 2024 and £1,860m is committed to August 2026. At 30 September 2022, no amounts were drawn under the RCF (2021: £nil).

The Company has a $4bn commercial paper programme. Commercial paper is issued to meet short-term liquidity requirements and is supported by the RCF. At 30 September 2022, no commercial paper was outstanding under the programme (2021: £nil).

Amounts owed to subsidiary undertakings may be interest-free or interest-bearing loans. Interest-free loans are repayable on demand and classified as current. Interest-bearing loans incur interest at fixed rates (between 0.73% and 3.10%) or various floating rates with margins ranging from -0.15% to +1.50% (subject to a minimum all-in rate of 0%) and have maturities ranging from repayable on demand up to September 2048.

The book value of amounts owed to subsidiary undertakings falling due within one year approximates to fair value due to the short-term nature of these payables. The fair value of amounts owed to subsidiary undertakings falling due after more than one year is shown below:

AMOUNTS OWED TO SUBSIDIARY UNDERTAKINGS FALLING DUE AFTER MORE THAN ONE YEAR	Nominal value	Redeemable	Interest	2022 Carrying value £m	2022 Fair value £m	2021 Carrying value £m	2021 Fair value £m
Euro intra-group loan	€750m	Jul 2024	0.73%	**632**	**631**	659	658
Euro intra-group loan	€500m	Sep 2028	1.60%	**380**	**388**	443	459
Euro intra-group loan	€500m	Mar 2030	3.10%	**412**	**415**	–	–
Total				**1,424**	**1,434**	1,102	1,117

Details of the derivative financial instruments are shown in note 19 to the consolidated financial statements.

4 MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

The maturity of financial liabilities and derivative financial instruments as at 30 September is as follows:

MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	2022 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Issued debt	**439**	**310**	**1,086**	**451**	**2,286**
Bank overdrafts	**350**	–	–	–	**350**
Amounts owed to subsidiary undertakings	**4,996**	**632**	–	**792**	**6,420**
Derivative financial instruments	**(65)**	**(8)**	**(6)**	**175**	**96**
Other payables	**77**	–	–	–	**77**

MATURITY OF FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	2021 Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Issued debt	295	440	1,091	521	2,347
Bank overdrafts	249	–	–	–	249
Amounts owed to subsidiary undertakings	3,775	–	659	443	4,877
Derivative financial instruments	7	(46)	(68)	5	(102)

5 SHARE CAPITAL

Details of the share capital and share-based payments of the Company are shown in notes 24 and 25 of the consolidated financial statements.

6 POST-BALANCE SHEET EVENTS

On 21 November 2022, a final dividend in respect of 2022 of 22.1p per share, £389m in aggregate, was declared.

In the period from 1 October to 11 November 2022, 3,447,549 shares were repurchased for a total price, including transaction costs, of £63m under the share buyback programme announced in May 2022. In November 2022, we announced a further share buyback of up to £250m, to take place during the first half of the 2023 financial year, taking the total buyback to £750m.

7 OTHER INFORMATION

Company audit fee

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £1.8m (2021: £1.4m).

Employees

The Company had no direct employees in the course of the year (2021: none).

Guarantees and indemnities

At 30 September 2022, guarantees and indemnities (including subsidiary undertakings' overdrafts) totalled £443m (2021: £398m). Details of certain contingent guarantees and indemnities which involve the Company are set out in note 29 to the consolidated financial statements.

Related party transactions

With the exception of transactions between the Company and its wholly-owned subsidiaries, there are no material related party transactions in the current or prior year.