KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of Compass Group PLC ('the Company') for the year ended 30 September 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet and the Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies on pages 134 to 143 of the Group financial statements and page 215 and 216 of the Parent Company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with international Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the directors on 14 March 2014. The period of total uninterrupted engagement is for the nine financial years ended 30 September 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£63m (2021:£62m) 4.29% of Group profit before tax (2021: 0.35% of revenue)	
Coverage	90% (2021:89%) of Group profit before tax	
Key audit matters		**vs 2021**
Event driven	Goodwill impairment in respect of the UK cash generating unit	◀▶
Recurring risks	Uncertain direct tax provisions	◀▶
	Recoverability of the Parent Company's investment in subsidiaries and amounts owed by Group undertakings	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

	The risk	Our response
Goodwill impairment in respect of the UK cash generating unit UK CGU Goodwill £1,481 million (2021: £1,456 million) *Refer to page 75 (Audit Committee Report), pages 135 and 139 (Accounting Policies) and pages 153 and 154 (Financial Disclosures).*	Forecast-based valuation: The Group has a significant carrying amount of goodwill which is spread across a range of cash-generating units (CGUs) in different countries. The value in use calculation for the CGUs, which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue, operating margin, long-term perpetuity growth rate and discount rate). Estimation uncertainty in relation to the UK business has increased as a result of inflationary pressures from the macro economic effects of COVID-19 and the geo-political environment. The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the UK CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 8) disclose the sensitivity estimated by the Group. These disclosures give relevant information about the estimation uncertainty including the risk of a reduction in the headroom or need for an impairment as a result of a reasonably possible change in one or more of the key assumptions.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Benchmarking assumptions and historical comparison**: We assessed and challenged the operating cash flow assumptions used by the Group through retrospective review; compared to external industry forecasts; and analysis of analysts' reports. – **Our sector experience**: Using our valuations experts, we challenged the appropriateness of discount rates by deriving our own independent range and compared long-term perpetuity growth rates to market data. – **Sensitivity analysis**: We estimated the value in use recoverable amount utilising independent and more conservative forecasts and independently derived discount rates and assessed whether this resulted in impairment. – **Historical comparisons**: We evaluated the track record of historical assumptions used against actual results achieved. – **Assessing transparency**: We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions, reflects the risks inherent in the estimation of the recoverable amount of goodwill. Our results We found the Group's conclusion that there is no impairment of UK CGU's goodwill to be acceptable (2021 result: acceptable) and we found the sensitivity disclosures made to be acceptable (2021 result: acceptable).

	The risk	Our response
Uncertain direct tax provisions *Refer to page 75 (Audit Committee Report), pages 135 and 138 (Accounting Policies) and pages 150 to 151 (Financial Disclosures).*	Subjective estimate: The Group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including transfer pricing. As a result of the complexities of tax rules on transfer pricing and other tax legislation, the provisioning for uncertain direct tax positions is judgemental and requires the directors to make estimates in relation to these uncertainties. The directors' estimation includes assessing the likelihood of potentially material exposures as a result of changes in local tax regulations and evaluating ongoing inspections by local tax authorities and international bodies, which could materially impact the amounts recorded in the Group financial statements.	We performed the tests below rather than seeking to rely on any of the Group's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence. Our procedures included: – **Our taxation expertise**: With the assistance of our tax specialists, we analysed and challenged the assumptions used to determine the provisions recognised using our knowledge and experience of the application of international and local legislation by the relevant authorities and courts, and assessing whether the approach applied by the Group is supported by custom and practice. – With the help of our tax specialists we considered whether the judgements applied to each significant provision, including the maximum potential exposure and the likelihood of a payment being required were appropriate. – **Tests of detail:** We examined the calculations prepared by the directors and agreed key assumptions used to underlying data. – We inspected correspondence with relevant tax authorities and assessed third-party tax advice received to evaluate the conclusions drawn in the advice where relevant to the significant exposures faced by the Group, and how these have been used by the directors in their assessment of the likelihood of any outflow and estimate of the provision. – **Assessing transparency**: We assessed the adequacy of the Group's disclosures in respect of tax and uncertain direct tax positions. Our results We found the level of tax provisioning to be acceptable (2021: acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

	The risk	Our response
Recoverability of the Parent Company's investment in and amounts owed by Group undertakings Investments £1,105 million (2021: £1,074 million) Intercompany receivables £10,699 million (2021: £9,159 million) *Refer to pages 215 (Accounting Policies) and page 217 (Financial Disclosures).*	Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries held at cost less impairment and intercompany receivables represent 88% (2021: 88%) of the Parent Company's total assets. We do not consider the recoverability of these investments and intercompany receivables to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However, due to their materiality in the context of the Parent Company financial statements as a whole, this is considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our Parent Company audit.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Test of detail**: Compared a sample of the investment and intercompany receivables' carrying amounts to the net assets of the relevant subsidiary included within the Group consolidation, to identify whether the net asset value, being an approximation of the minimum recoverable amount, was in excess of their carrying amount. – **Assessing subsidiary net assets**: For the relevant subsidiaries (investment holding companies), we compared the net assets of the relevant subsidiary to the final net assets in the prior year audited financial statements. Based on the knowledge acquired during the audit of the consolidated Group, including reporting received from component auditors for the underlying trading operations, we considered whether there were any events indicating that the net assets would be materially different from the prior year position. – **Test of detail**: When the net assets of the relevant subsidiary was insufficient to support the carrying value we considered the performance of the underlying investments held by the relevant subsidiary in order to assess whether there was an indication of impairment. – **Our sector experience**: In addition, for certain investments and receivables, we evaluated the assumptions used in the applicable impairment model, in particular those relating to forecast profit growth, using our knowledge and historic experience of the profitability of the underlying trading Group. – **Assessing expected credit losses**: For a sample of the intercompany receivables we evaluated the expected credit losses determined by the directors, in particular the likely risk of default with reference to the credit worthiness of the counterparty and any recent evidence of incurred credit losses. – **Benchmarking assumptions**: We compared the assumptions in the applicable impairment model for the investment to externally derived data in relation to projected economic growth and discount rates. Our results We found the Parent Company's conclusion that there is no impairment of its investments in subsidiaries and amounts owed by Group undertakings to be acceptable (2021: acceptable).

In the prior year, we reported a key audit matter in respect of the recoverability of contract related non-current assets (contract fulfilment assets and contract costs, right of use assets, property, plant & equipment, and intangible assets) due to significant decline in profitability from the impacts of COVID-19 globally and in particular in the US. Following the Group's improvement in financial performance including the increase in revenue (2022: £25,512 million, 2021: £17,908 million) and operating profit (2022: £1,500 million, 2021: £545 million) and the limited impact on overall financial performance due to the structural effects of COVID-19 (e.g. increased home working) we have not assessed this as one of the most significant risk in our current year audit and, therefore, it is not separately identified as a key audit matter in our report this year.

We continue to perform procedures over recoverability of contract related non-current assets.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £63 million, determined with reference to a benchmark of Group profit before tax, of which it represents 4.29%.

In 2021, materiality for the Group financial statements as a whole was set at £62 million determined with reference to a benchmark of Group revenue, of which it represented 0.35%.

In the current period we have used the Group profit before tax benchmark because the Group's profits have substantially recovered to pre-pandemic levels.

Materiality for the Parent Company financial statements as a whole was set at £49 million (2021: £49 million), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.4% (2021: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £47.2 million (2021: £46.5 million) for the Group and £36.7 million (2021: £36 million) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.1 million (2021: £3.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 51 (2021: 52) reporting components, we subjected 15 (2021: 16) to full scope audits for Group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 11% (2021: 11%) of total Group revenue, 10% (2021: 11%) of Group profit before tax and 10% (2021: 8%) of Group total assets is represented by 36 (2021: 36) Group reporting components, none of which individually represented more than 3% (2021: 3%) of any of total Group revenue, Group profit before tax or Group total assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

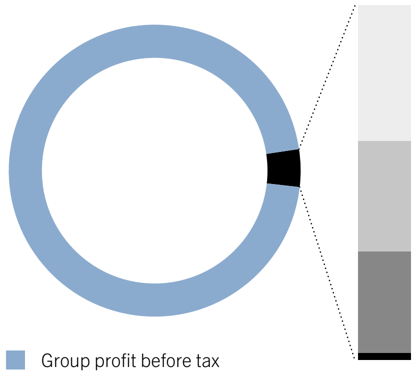
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £5 million to £51 million (2021: £3 million to £53 million), having regard to the mix of size and risk profile of the Group across the components. The work on 12 of the 15 components (2021: 13 of the 16 components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

GROUP PROFIT BEFORE TAX

£1,469 million
(2021: £464 million)

GROUP MATERIALITY

£63 million
(2021: £62 million)



£63 million
Whole financial statements materiality
(2021: £62m)

£51 million
Range of materiality at 15 components (£5m to £51m)
(2021: £3m to £53m)

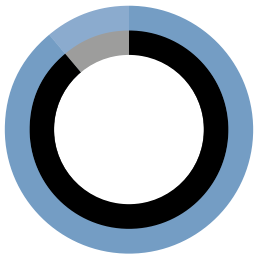
£47.2 million
Whole financial statements performance materiality
(2021: £46.5m)

£3.1 million
Misstatements reported to the Audit Committee (2021: £3.1m)

Group profit before tax
Group materiality

GROUP REVENUE

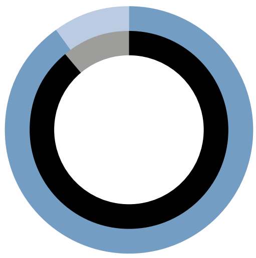
89% (2021: 89%)



Full scope for Group audit purposes 2022	89%
Residual components	11%
Full scope for Group audit purposes 2021	89%
Residual components	11%

GROUP PROFIT BEFORE TAX

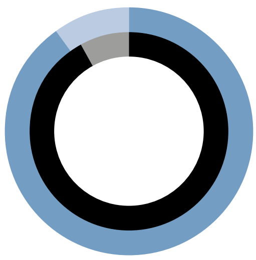
90% (2021: 89%)



Full scope for Group audit purposes 2022	90%
Residual components	10%
Full scope for Group audit purposes 2021	89%
Residual components	11%

GROUP TOTAL ASSETS

90% (2021: 92%)



Full scope for Group audit purposes 2022	90%
Residual components	10%
Full scope for Group audit purposes 2021	92%
Residual components	8%

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited 4 (2021: 0) component locations to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and the others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. The impact of climate change on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements.

The Group has set out in the Strategic Report its commitment to reach climate net zero green house gas emissions (GHGs) across the global value chain by 2050 and to reach climate neutrality in the Group's direct operations by 2030 and its commitment to several other shorter-term targets.

As a part of our audit, we have performed a risk assessment, including enquiries of management, to understand how the impact of commitments made by the Group in respect of climate change, as well as the physical or transition risks of climate change, may affect the financial statements and our audit. There was no impact of this work on our key audit matters.

Whilst the Group is still undertaking work to quantify and assess the potential impact of climate change on the business, based on the procedures we performed in reviewing and challenging the Group's road map for transitioning to net zero GHGs, we did not identify any significant risk in this period of climate change having a material impact on the Group's critical accounting estimates. This is due to the shorter-term nature of certain estimates (tax provisioning), the nature of the estimate itself (pension liabilities) and the level of headroom (impairment of goodwill and intangible assets). In addition, we did not identify any significant risks in this period to the carrying value and useful economic lives of property, plant and equipment caused by the projected physical risks of climate change or the transition to a net zero operating model.

We have read the disclosures of climate related information in the annual report and considered their consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of the climate risk disclosures in the Annual Report.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern until at least 31 March 2024 ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources and/or metrics relevant to debt covenants over this period that were:

– The impact of cost inflation on the Group's performance and the ability of the Group to mitigate and recover the medium-term impact of persistent inflation; and
– The ability of the Group to sustain significant short-term volume reductions due to a resurgence of COVID-19.

We also considered less predictable but realistic second-order impacts, such as a significant decline in volumes as a consequence of a global economic downturn.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure on page 134 of the Group financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

– we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
– we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
– we have nothing material to add or draw attention to in relation to the directors' statement on page 19 of the Group financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure on page 134 to be acceptable; and
– the related statement under the Listing Rules set out on page 19 is materially consistent with the financial statements and our audit knowledge.

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

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit Committee, Internal Audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and all relevant committee minutes.
- Considering remuneration incentive schemes (primarily the annual bonus plan) and performance targets for management and directors including revenue, margin and cash flow targets for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of some of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior management and those posted to unexpected account pairings.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

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

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, competition and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASS GROUP PLC CONTINUED

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 29 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 29 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 118, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so. In addition the directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

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

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

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

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

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

ZULFIKAR WALJI (SENIOR STATUTORY AUDITOR)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL

21 November 2022